

INTERNATIONAL COMPETITIVENESS OF SMEs: A CASE OF GHANAIAN NON-TRADITIONAL HORTICULTURAL EXPORTERS

Kenneth Appiah

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KENNETH APPIAH

May 2016

UNIVERSITY OF BEDFORDSHIRE

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A CASE OF GHANAIAN NON-TRADITIONAL
HORTICULTURAL EXPORTERS**

BY

KENNETH APPIAH

**A thesis submitted to the University of Bedfordshire, in partial fulfilment of the
requirement for the degree of Doctor of Philosophy**

May 2016

DECLARATION

I declare that this study is the report of my research and that any additional sources of information have been referenced. I declare that any published or unpublished works, internet sources from which the study has quoted or drawn reference have been referenced fully in the text and in the reference list.

Signature.....

Date.....

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My appreciation goes to my Lord and Saviour Jesus Christ, who is my source of strength and a sense of living.

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ABSTRACT

Intense competition in the international markets has made the determinants of small and medium-sized enterprises (SME) competitiveness an important asset in the export business, making of policies, strategies and decision making by businesses.

SMEs are often seen to be disadvantaged for a variety of reasons, including inappropriate internal structures, lack of capabilities, insufficient resource support and apparent lack of foreign-market knowledge. The nature of international markets and the disadvantages SMEs face, make it imperative to examine the determinants of SME international competitiveness. Although some literature has recorded some studies on internationalisation of SMEs in developed economies, there is insufficient study of SME internationalisation, particularly in the context of non-traditional horticultural SME exporters in developing economies. Hence, the study aims to evaluate the determinants of non-traditional horticultural exporters' international competitiveness by addressing the question: To what extent are non-traditional horticultural exporters in Ghana competitive in the international market? In the context of this study non-traditional horticultural exports exclude cocoa beans, logs and lumber.

The study enriches the literature on internationalisation of SME exporters in developing economies by providing guidance for future research in a field of SME international business.

The theoretical foundations of the study draw mostly on three perspectives: the resource based view, international entrepreneurship and institutional theory. From the review of literature, a conceptual framework was developed: ME international competitiveness is conceptualised in this research as government support factors, entrepreneurial factors and a firm's internal factors.

At the empirical level, the study employed qualitative and quantitative approaches which involved surveying 105 non-traditional horticultural exporters (respondents) in Ghana. Six hypotheses were tested on the key issues in this project, which were statistically analysed, employing logit regression, Pearson correlation and chi square. Secondly, the study uses six export facilitating institutions which were interviewed to gain understanding of the services these institutions offer to non-traditional horticultural SME exporters in Ghana.

The main findings suggest that Ghana government support policies, access to finance, Technological Innovation, number of years in business, the size of the firm, Entrepreneurial Factors and the number of exporting destinations of the non-traditional horticultural SME exporters have had positive impact on the competitiveness of horticultural SME exporters in international markets. The findings also contribute, to some extent, to the advancement of the empirical, theoretical and managerial understanding of SME international competitiveness in developing economies. The research contributes to the international business literature by providing a model for understanding the determinants of horticultural SMEs' international competitiveness. This highlights the important role of government, the entrepreneurial orientation, and a firm's internal factors in realising SME competitiveness. The research also provides guidance for policy makers and SME business facilitators in implementing export-led programmes for horticultural exporting firms in Ghana.

Key words: Competitiveness, resource based view, entrepreneurship, institutional theory, international competitiveness, non-traditional export, horticulture SME exporters, and developing economies.

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LIST OF ABBREVIATIONS

AGOA	African Growth and Opportunity Act (2000)
CEPS	Customs and Excise and Preventive Service
ECOWAS	Economic Community of West African States
EDIF	Export Development and Investment Fund
EPAs	Export Promotion Agencies
ERP	Economic Recovery Programme
EU	European Union
FAGE	Federation of Associations of Ghanaian Exporters
GATT	General Agreement on Tariffs and Trade
GCNet	Ghana Community Network Services Limited
GDP	Gross Domestic Product
GEPA	Ghana Export Promotion Authority
GEPC	Ghana Export Promotion Council
GSS	Ghana Statistical Service
ICT	Information and Communication Technology
IE	International Entrepreneurship
IMF	International Monetary Fund
ISSER	Institute of Statistical, Social and Economic Research
ITC	International Trade Centre
MIC	Middle Income Country
MOFEP	Ministry of Finance and Economic Planning
MOFA	Ministry of Food and Agriculture
MOTI	Ministry of Trade and Industry
NBSSI	National Board for Small Scale Industries
NTE	Non Traditional Export
NTHE	Non Traditional Horticultural SME Exporter
OECD	Organization for Economic Cooperation and Development
PLC	Product life cycle
RBV	Resource based view
RPED	Regional Project for Enterprise Development
SME	Small and Medium Sized Enterprise
SPSS	Statistical Package for the Social Sciences

UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WEF	World Economic Forum
WTO	World Trade Organization

PUBLICATIONS

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CHAPTER ONE: INTRODUCTION

1.0 Introduction to the study

Research interest in SMEs has increased because of their contributions to sustainability and economic growth, under the prevailing harsh economic conditions in the world. In developing economies, including Ghana, investment in non-traditional horticultural SME exports may potentially increase the economic growth rate and incorporation into the global economy. Non-traditional export, in Ghana context, is defined by the Ghana Export Promotion Authority (GEPA) as all products other than logs and lumber, cocoa beans, mining products and unprocessed gold (Buatsi, 2002).

According to Owusu and Habiyakare, (2011) and Rundh (2007), previous studies on internationalisation have focused mostly on large firms though SMEs are noted to be increasingly involved in internationalisation. In their work on internationalisation, Leonidou *et al.*, (2010); Ibeh *et al.*, (2012) and Westhead (2008) agree that most studies on internationalisation processes rather focus on franchising, licensing and direct foreign investments with exporting identified as the key approach for SME internationalisation. This is buttressed by the studies of Saixing, *et al.* (2009) which agreed that internationalisation of SMEs is a major feature of maximising business opportunities and is considered a requirement for business successes. Dewhurst *et al.*, (2012) conclude that internationalisation offers enormous advantages to firms operating in the international markets.

Thus, there is a need to pay attention to and to develop knowledge of SME export capacity by considering the determinants of SME international competitiveness.

With the current understanding and knowledge of SMEs and their impact on contributions to economic developments, there is a sustained policy focus on how to encourage small businesses to improve economic expansion and growth in the various economies, including those of developing countries (Rabiei, 2011; Naude, 2009).

Some studies have offered answers to why Ghana's non-traditional horticulture SME Exporters (NTHes) are not performing (Owusu-Frimpong and Mmieh, 2007). The comparison is not between the socioeconomic contexts of developed economies against that of developing economies (e.g., Ghana), as these are not comparable for

many obvious reasons.

In the light of the limited literature on the determinants of SMEs in Ghana, the current study extends the study on NTHE competitiveness of developing economies by using the evidence from Ghana to shed light on the phenomenon. The need to pursue this angle of research is urgent for developing economies given the strategic importance of SME exports for economic growth.

The study again therefore focuses on the competitiveness of SMEs with special reference to the NTHes, highlighting the determinants of their international competitiveness. Using Ghanaian non-traditional horticultural SME exporters as a contextual base, the study examines the determinants and specific conditions that enable SMEs in the non-traditional horticultural export sector in Ghana to become internationally competitive.

The theoretical framework underlying this study is primarily based on integrating the key variables from three research streams, namely international entrepreneurship (McDougall, *et al.*, 1994, 2005), the resource based view (Barney 2001; Barney *et al.*, 2011); (drawing from the firm's internal environment) and the institutional theory (drawing from the firm's external environment) (North 2005; Peng *et al.*, 2008) into a conceptual model in the context of Ghana's horticultural exporting firms to explain the determinants which contribute and influence SME international competitiveness. This could be adopted by an NTHE to identify the determinants so as to improve the overall performance of the individual exporting firms and help to achieve international competitive advantage.

This chapter presents and defines the research context, the aims, and the concepts used in the thesis. Subsequently, the expected outcome of the study is presented. Finally, a brief review of the thesis structure and the contents of the chapters are presented.

1.1 Background to the research

Over the past two decades, there has been evidence of the internationalisation of SMEs and has become a requirement to gain competitive advantage (Dutot *et al.*, 2014; Schweitzer, 2012; Oviatt and McDougall, 2005). Increasing globalisation has therefore made competitiveness essential for the survival of firms and to reduce the

challenges faced by SMEs in their effort to participate globally (Couerderoy, *et al.*, 2011; Acs, *et al.*, 2003).

It is apparent, therefore, that the increasing global environmental changes and changes in business settings are becoming more integrated and repeatedly causing changes in the competitive paradigm, thus enforcing all businesses to deal with the global markets (Todd and Javalgi, 2007). Indeed, SMEs in Africa are not exempted from these global pressures emanating from trade liberalisation (Ibeh *et al.*, 2012).

The trade liberalisation phenomenon has created an increasing research gap and exposes SME limitations and lack of competitiveness in international trade. Consequently, there has been an increased interest in the determinants of international competitiveness as tools for SMEs aiming to gain a sustainable competitive advantage (Burns, 2011).

From a technology perspective, it is increasingly recognised that emerging technologies have redefined the international business environment by removing traditional time constraints and borders and has created virtual communities of suppliers, distributors and customers with new demands for products and services (Siu, 2002). In support, Jetro (2000) contended that today's world has shrunk into a cyber-village connected digitally, accessible just by a click of the mouse. Under these conditions, activities include continuous improvement in networking; information and communication technologies (ICT), clustering, quality standards, innovations, creativity in marketing and modifications to production's intellectual property management, and internationalisation. Managers of SMEs and policy makers must, therefore, be encouraged to take a broader perspective on opportunities for strategic improvement to enhance SME development and competitiveness than they have done in the past.

In this context of economic and trade liberalisation, exporting firms in Ghana have no choice but to compete with developed and developing economies.

Konadu (2008) posits that the sustainability of the SMEs has been the focus of several studies in Ghana, which call for new strategic directions if SMEs wish to retain and sustain their competitiveness. It is thought that SMEs should act more strategically, therefore, in order to survive and grow in the international business environment.

Koksal and Kettaneh (2011) posit that growing economic integration and globalisation among countries have made export an important strategy for internationalisation of many firms and national economies. In the same vein, a World Bank (2006) report based on developing economies indicated that, over the past two decades, these economies increased their integration into the world economy and has shown higher growth in income.

In contrast, there is no guarantee that international trade could always reduce poverty. Roderick (1999) asserts that the econometric evidence linking trade liberalisation to growth must be interpreted with caution. Even though the evidence linking export and growth is strong, the economic growth emanating from international trade does not guarantee success in removing poverty (Greenaway, *et al.*, 2004). Thirlwall (2013, 2011) is of the view that international trade can create a balance of payment issues in poor, developing countries.

Evidence from a UNCTAD (2004) report revealed that to achieve growth, developing countries need to develop their export sectors as they lack the capacity required to produce competitively in terms of price, quantity, or quality and have limited knowledge and bargaining power within the rules based on the trading regime.

The global marketplace has become increasingly turbulent at the same time, with the importance of international marketing opportunities and challenges (Albaum, *et al.*, 2011). The challenge facing SME exporting firms is how to improve the capability of these firms, particularly in developing economies (Mensah 2012, Tesfom and Lutz, 2006; Ibeh, 2003).

Research on SME competitiveness has received increasing attention from researchers who have sought to study competitiveness from different perspectives, both in developed and developing economies. So far, major theories have focused on explaining firm-level competitiveness and have centred on areas such as the structure, business climate, conduct, performance, innovation, low cost and ownership of firms (Omar and Osei, 2015; Nwankwo, *et al.*, 2004). There is still insufficient knowledge about the key determinants of international competitiveness of SMEs from developing countries such as Ghana.

To join this debate, the research aims to further develop the understanding of SME international competitiveness while paying particular attention to key determinants of NTHE international competitiveness.

In the available literature, many researchers and authors have explained the phases of competitive advantage through different models and frameworks, particularly in the area of strategic management.

Traditionally, competitive advantage strategies have been discussed broadly in the literature, and most models and theories have been drawn predominantly from the large firms' experiences and successful corporations (Klein et al., 2014). In connection with the study of Craven, *et al.* (1994), conceptual focus and empirical examination of strategies have centred on large and high profile firms.

With respect to competitive theories and models, the dominant theories and models generally accepted in the literature, notably employed by many researchers are: (a) the internationalisation process (Johnson and Vahlne, 2010, 2009); (b) the network theory (Johanson and Mattsson, 1988); (c) the more recent models on international entrepreneurship (Zahra, 2005; McDougall and Oviatt, 1994); (d) the RBV of the firm (Barney, 1991); and, (e) the 'born global' (Freeman and Cavusgil, 2007).

Previous studies on SMEs have investigated various angles, such as the causes of informality and the constraints that SMEs face, government regulation, and access to finance (Laufs and Schwens, 2014; Temtime and Pansiri, 2006; Behar, 2006). Research on SME competitiveness tends to be limited, particularly in the context of globalisation. Moreover, there still remains a need for more research on competitive issues in SMEs.

The study aims to identify the determinants by integrating the key variables from three research streams, namely entrepreneurship, the resource based view (the firm's internal environment) and the institutional theory (the firm's external environment) into a conceptual model in the context of Ghanaian non-traditional horticultural export SMEs.

1.2 Research problem statement

The major research problem this study seeks to address is:

Why non-traditional horticultural SMEs in Ghana are not performing as expected and their lack of competitiveness in the international markets.

Export promotion has been identified as a priority policy for the Ghanaian government (MOTI, 2012). Its focus is developing the necessary set of policies and measures to improve enterprise competitiveness which will eventually lead to the volumes and revenues of exports. Ghana export trade sector is vital to the economy, as revenue projections and development plans are dependent on the expected earnings from exports (ISSER, 2009).

Ghana export sector, prior to the 1980s, depended on traditional exports (e.g., cocoa beans, gold, bauxite, logs and lumber). Whilst these traditional exports contributed more than 80% to total export earnings, non-traditional exports contribute about 17% (GEPA, 2013). There is an indication that the non-traditional exports contributions to the total export earnings can substantially be improved. In spite of the Ghanaian Government's supports, the Non-Traditional Export sector has not performed as expected (Mmieh, *et al.*, 2012; Owusu-Frimpong and Mmieh, 2007; Kyereboah-Coleman and Biekpe, 2006).

Similarly, the studies of Owusu- Frimpong and Martins (2010) and Harvie (2007) have revealed that many horticultural SME exporters in Ghana lack the necessary export knowledge and financing, and have failed to meet foreign regulatory requirements, standards, produce products in quantities or qualities considered inadequate or substandard for foreign buyers.

In the early 1980s (Mmieh *et al.*, 2012; ISSER, 2005), the International Monetary Fund (IMF) and the World Bank introduced economic curative strategies to developing economies, including Ghana. The strategies emphasized the building of an enabling environment for export. In 1983, the Ghanaian Government introduced the Economic Recovery Programme (ERP) which was aimed at increasing export revenues through diversification, with a focus on non-traditional exports.

Over the years, Export Promotion Agencies (EPAs) including the Federation of Associations of Ghanaian Exporters, Ghana Export Promotion Authority, Export Development Investment Fund (EDIF), Exim Guaranty and other donor organisations have supported the NTE sector to enhance export performance. Unfortunately, with

all these supports, NTE has not performed as expected and has not achieved its annual targets (GEPA, 2010; Ahiawodzi and Adade, 2012).

There is clear evidence that SMEs are faced with enormous problems that has resulted in underperformance and non-competitiveness in their foreign trade. It is clear that the situation is disturbing, considering the strategic importance of the NTE sector (MOTI, 2012) and the SME exporters' importance in the Ghanaian economy.

To ensure the Ghanaian NTE sector becomes the real engine of export growth and moving the economy to a middle income country (MIC) status, it will require SME exporters to improve their competitiveness and become able to meet the international market standards. UNIDO (2007) posits that through competitiveness, SME exporters can increase their share of foreign markets, improve their profitability, and achieve productivity gains. It is therefore important to investigate horticultural SME exports in Ghana and to identify the determinants of the SME's international competitiveness and to offer suggestions for appropriate interventions.

1.3 The aim and objectives of the study

The major aim of this study is to examine the determinants and specific conditions that enable non-traditional exporter SMEs, particularly in the horticultural sector in Ghana, to become internationally competitive. It is also to develop and propose a framework for better understanding of competitiveness of SMEs in the context of Ghana and developing economies. More specifically, and in order to attain these aims, the following objectives have been set:

- to develop a theoretical framework for a clear understanding of the competitiveness of SMEs in developing economies (e.g., Ghana);
- to examine the factors that determine the competitiveness of SME exports and how these factors can be adopted to facilitate the performance of non-traditional horticultural exports in Ghana;
- to assess the role and effectiveness of government and the Export Promotion Agencies (EPA) in the non-traditional horticultural export SME sector in Ghana; and,
- to identify and recommend strategies for policy makers and non-traditional horticultural SME exporters (NTHes) in Ghana.

1.4 Research questions

Following the above discussion on non-traditional horticultural exports in Ghana and the review of the literature so far, it is evident that the main concern of developing economies, including Ghana, with regards to SMEs' involvement in international business, is their lack of competitiveness. The research questions seek to discover insights into the concept of SME competitive advantage. The broader question of this study is: *To what extent are SME exporters in Ghana competitive in the export markets?*

Further research questions have been developed from relevant literature, as follows.

Research Question 1: What factors determine NTHes' competitive advantages in international markets and to what extent do these factors enhance or inhibit the competitiveness of horticulture exporting firms in Ghana?

Research Question 2: How effective are Ghana's government policies in providing the NTHes opportunities as well as enhancing their export competitiveness? To what extent are these policies perceived to be useful by such horticultural exporting firms?

Research Question 3: How do the Ghana Export Promotion Agencies provide their services to SMEs in order to enhance their export competitiveness? Do the EPAs encounter constraints in their support of the NTHes?

The study highlights the key issues and suggests some ways that may help to address these issues for NTHes in Ghana. In addition, it suggests recommendations in which a policy could possibly improve the international competitiveness of NTHes and other SMEs in Ghana.

1.5 Significance of the Study

The study provides insights into non-traditional horticultural SME export competitiveness with special reference to the determinants. Non-traditional horticultural SME exporters are now important contributors to the economy of Ghana. Following the recognition of horticultural SMEs' significant contributions to the economy, SME competitiveness has been identified as a critical area which will contribute to the survival and growth of the SMEs (Nwankwo, et al., 2004).

The Economic Recovery Programme (ERP) was introduced in 1983 by Ghana, and part of the ERP's aim was to increase export revenues through diversification, with a focus on non-traditional exports. After the economic reform, non-traditional exports have contributed much to the economic growth (GEPA, 2005, 2014; MOFEP, 2008). According to Owusu-Frimpong and Mmieh (2007), the Ghanaian non-traditional exporters contributed about 30% of total exports. But by 2013, the non-traditional exporters' contribution is only about 17% (see table 3.1), a drop of more than 10% from 2007.

The non-traditional export industry is dominated by SME exporters and, historically, the industry has failed to perform as expected. According to a World Bank report (2006), for Ghana to attain middle class income status, the country's exports must be improved and export diversification promoted, with the country's exports playing an increasing role as the engine of economic growth. ISSER (2009) has indicated that, Ghana, as a small open economy, must grow, not only relying on its small domestic market, but should also tap into the potential of unlimited benefits of the global markets.

The importance of addressing these issues lies in the framework of understanding the determinants of non-traditional horticultural SMEs' international competitiveness. These in turn would provide insights into the policies that can be adopted to improve the competitiveness of SME exports and provide critical insights into the determinant factors and decision-making by means of supporting and promoting SME exporters.

It is anticipated that the outcome of this study would inform the SMEs and stakeholders of effective strategies which will improve competitiveness of non-traditional horticultural SMEs and would contribute to the success of Ghana's overall horticultural export sector, leading to rapid socioeconomic development.

Furthermore, this study would help to determine what factors would enable SME managers not only to internationalise their operations, but to build a sustained competitive advantage in international markets. By focusing on the determinants of SME competitiveness in the face of economic challenges in less developed countries, particularly in sub-Saharan African countries, proposing a framework for better understanding of the SME competitive advantage in the context of sub-Saharan

African countries would enhance economic growth. The strategic literature shows that a firm's competitive advantage is the result of possessing internal resources which their competitors lack (Barney, *et al.*, 2011; Teece, *et al.*, 1997).

It is expected that the outcome of this research will help policy makers to improve on their decision-making to support and promote NTHes. Improving SME competitiveness generally will contribute significantly to export growth.

It is, therefore, important to understand the determinants of SME international competitiveness of non-traditional horticultural exporting firms in Ghana. The vast majority of studies of SMEs have focused on export competitiveness in the area of performances: sales revenue, profits, market share, market size, etc. (Knight and Cavusgil, 2008), rather than the factors that determine the SMEs' international competitiveness. In addressing this, the current research aims to shed more light on SME international competitiveness.

For the NTHes, the current study will be of value in acquiring more knowledge about the determinants of SME competitiveness. It will also create opportunities for those already engaged in international markets and stimulate inactive SMEs to go international. The study, it is believed, will add to contributions to the growth of the national economy.

With respect to policy makers, non-traditional export performance remains crucial to the overall growth of the Ghanaian economy. It is evident that the total economic growth of Ghana will improve significantly if the SME sector engages more actively in international export business, with today's changing global business environment where competitiveness is a great help to horticultural SME exporting firms. Since 1983, there has been a number of export policy implementations aimed at growing the economy of Ghana. The current export policy does not, however, pay much attention to the need to support both the domestic and the international markets (Mmieh, *et al.*, 2012; Owusu-Frimpong and Mmieh, 2007; Ministry of Trade and Industry, 2004).

1.6 Approaches to the study

1.6.1 Theoretical approach

The study of SME competitiveness is grounded in a number of complementary theoretical perspectives drawn from international business, economics, and internationalisation studies. This study recognises, however, that SME competitiveness is complex. In this context, this study theoretically focuses on theories such as Institutional theory, Entrepreneurship theory and the Resource based view theory.

1.6.2 Methodological approach

This study adopts a mixed method research approach, merging both quantitative and qualitative research methods to address the objectives of the study. With regards to a philosophical perspective, this study follows a pragmatist paradigm. Based on the relevant literature, a set of hypotheses are addressed. As clarified by Creswell (1995), a mixed method approach offers a justification ahead of triangulation.

“The relationship between qualitative and quantitative research should not be considered in terms of mutually exclusive dichotomy, but rather as a continuum of complementary paradigms within systematic inquiry, that when used in concert, produce complete or useful knowledge”. (Howard and Borland, 2001, p. 5).

Overall, a list of 160 active non-traditional horticultural SME exporters with their addresses was obtained from the Ghana Export Promotion Authority. Out of this, the empirical study involved a survey of 105 NTHEs who submitted their responses to the questionnaires, and these served as the sampling frame for the quantitative study. The data was analysed by employing Statistical Package for the Social Sciences (SPSS) to explore and understand the determinants of SME international competitiveness.

For the qualitative study, six export facilitating institutions, namely the Ministry of Trade and Industry (MOTI), the Ministry of Food and Agriculture (MOFA), and four Export Promotion Agencies (EPAs) were targeted. These institutions were purposefully selected because they directly support and promote NTHE activities in Ghana. The selected EPAs also directly focus on the horticultural exporting firms of the NTE sector. The EPAs are Ghana Export Promotion Authority (GEPA), Exim Guaranty (EG), Federation of Associations of Ghanaian Exporters (FAGE) and Export Development and Investment Fund (EDIF).

Thematic analysis was used to analyse the data from the interviews to gain understanding of support that export promotion institutions provide to SME exporting firms in Ghana.

1.7 Definitions of key concepts used

Some of the key concepts used throughout the thesis are presented in the following section.

For the purpose of this study, **Small and Medium-sized Enterprise (SME) Exporter** has been conceptualised as a sole exporter or an export firm run and controlled under the supervision of the owner. The Regional Project for Enterprise Development (RPED) which was introduced by the World Bank in the early 1990s in sub-Saharan Africa (SSA) groups firms into: (a) micro, (b) small, (c) medium-sized, and (d) large. In Ghana SMEs were classified by RPED into: (1) micro firms (5 or less employees); (2) small firms (between 6 and 29 employees); (3) medium-sized enterprises (between 30 and 99 employees) and large firms (comprising 100 employees or more). The various definitions of SMEs are discussed in Chapter 2.

The study preferred the term ‘non-traditional horticultural SME exporter’ (NTHE) to non-traditional horticultural exporters because there are non-traditional exporters which are large firms in the NTE sector and these are excluded from the study.

The origins of this industry in Ghana lie in the structural Adjustment Program and liberalization strategies of the 1980s. For this study, SMEs in the horticultural export business are defined as businesses that engage in the export of horticultural products other than cocoa, logs and timber with less than 30 employees and with a turnover of US\$100,000 (Mensah, 2004).

The study focuses on horticultural fresh produce (e.g., bananas, pineapples, mangoes, papaya and vegetables). In a report by Louisiana State University (2015), horticulture is defined as the art and science which is involved in: cultivation; propagation; processing and marketing of (a) ornamental plants, (b) vegetables, (c) fruits, (d) flowers, and (e) nuts. These crops are usually produced for selected international markets.

Export Promotion Agencies (EPAs) are public or private sector organisations established to promote the export business, by providing either free or paid-for specialised export services (ITC, 2007).

Internationalisation: In the literature, there are modes of internationalisation such as licensing, joint venture, foreign direct investment and franchising (Westhead, 2008; Karadeniz and Gocer, 2007).

1.8 Structure of the thesis

The study is divided into eight chapters and a brief description of each chapter of the thesis is presented here.

Chapter One: This chapter presents the background and broad context and outlines the aims of the study.

Chapter Two: This chapter reviews the literature by discussing themes, theories, concepts and strands of ideas to provide a conceptual background to the study. It traces relevant current intellectual debates on the subject and focuses on the SME internationalisation literature.

Chapter Three: The chapter examines the non-traditional export trade environment in Ghana, focusing on developments in the non-traditional horticultural SME exporters (NTHE) sector. It reviews the current export trade environment and the key opportunities and challenges it presents to horticultural SME exporters, and the roles played by the six supporting agencies, including MOFA and MOTI.

Chapter Four: This presents the conceptual framework developed to underpin the study and discuss the set of hypotheses which accompany the framework. The framework is developed based on the multi-model approach. The framework has been designed by synthesizing three key concepts, namely International Entrepreneurship, Institutional Support and a Firm's Internal Factors. An underlying set of hypotheses to the conceptual framework is formulated and tested during the research.

Chapter Five: The chapter sets out the philosophical arguments which underpin the qualitative and quantitative paradigms, paving the way for the mixed-methods approach adopted for the study. The chapter further describes the methods to be employed to ensure reliability, validity and ethical research, whilst providing justification for all approaches and techniques employed.

Chapter Six: In this chapter, data in the appropriate formats is presented for meaningful analysis. The data analysis is discussed in terms of the qualitative approach employed and of the key contextual factors that formed the basis for the investigation. The chapter presents analysed qualitative data conducted with two ministries, MOTI and MOFA, and the EPAs. The findings are presented in the form of thematic analysis. The chapter concludes with an analysis of the roles of selected EPAs. The research results are discussed in the light of past research and existing theories.

Chapter Seven: The chapter presents analysis and findings of quantitative data using descriptive and inferential analyses, and presents a revised conceptual framework.

Chapter Eight: The chapter presents the summary, conclusions and recommendations of the study. Factual and conceptual conclusions are next presented, followed by a statement of the study's contribution to knowledge. The chapter finally closes by making recommendations to EPAs, SMEs and the Ghanaian Government.

1.9 Summary

This chapter established a broad context for the research. It commenced with a brief review of the importance of the export trade to developing countries and the involvement of resource-constrained SMEs which necessitate the investigation. Next, the purpose of the research, the existing research gap, the research questions and the research objectives were outlined. Key concepts used in the research were defined, and finally, the structure of the research was outlined.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter introduces and critically reviews the major theoretical approaches to the study of the internationalisation of SMEs, using the NTHes as a case, by investigating their understanding and preparedness for international competitiveness. The focus is on the determinants of SMEs and international competitiveness to demonstrate awareness of the present knowledge in the area and how this study will fit into the broader context. The chapter introduces, therefore, the key theories underpinning exporters' internationalisation, such as product life cycle, monopolistic advantage theory, oligopolistic theory, transaction cost theory, network theory, stage theory, resource based view, international entrepreneurship and the idea of being born global. In each theory, the main contributions to SME internationalisation and international competitiveness are reviewed. Equally, limitations and criticisms of each theory are discussed.

This study focuses on SME exporters and how their export business could be improved for competitiveness in exports. According to Aryeetey and Ahene (2000) and Singh, *et al.* (2008), SMEs are described as firms that improve domestic markets in terms of efficiency while they make productive use of the limited resources available and also ensure continued economic growth in poor countries. Neupert, *et al.* (2006) affirm that in the economies of many countries, SMEs are viewed as the fastest growing sector which contribute to job creation and providing goods and services to large organizations. They are considered to have labour intensity characteristics and would reduce capital costs related with job creation (Rutashobya, 2003).

The chapter will review the literature on the determinants of internationalisation and competitiveness in SMEs exports and the models of SME international competitiveness.

A review of SMEs in Ghana is also done by studying the characteristics of SME exporters, SMEs and their international competitive advantages, factors that inhibit SME exports, and the opportunities and challenges which SMEs face in their efforts to trade globally.

In reviewing the above, this research seeks to gain understanding of the main question which states: 'To what extent are non-traditional horticultural SME exporters (NTHes) in Ghana competitive in the export markets?'.

The question can be simplified in two parts:

- (a) What are the factors that determine SMEs' competitive advantages in international markets, using the NTHE as a case?
- (b) To what extent do these factors enhance the competitiveness of SME export firms?

In brief, the literature review in Chapter 2 provides a foundation for the understanding of theories that underpin the competitiveness of non-traditional horticultural SMEs in the global markets. Given the complexity of determining the competitiveness of SME international competitiveness, the study draws from a range of literature in seeking an understanding of the determinants of NTHes' international competitiveness.

2.1 Proposed determinants in SME exports

2.1.1 Introduction

Foreign market entry has received enormous attention among international business research (Bjorkman and Eklund, 1996; Hennart and Slangen, 2014; Arslan *et al.*, 2015). The available literature on internationalisation tends to concentrate on multinational firms, despite the fact that SMEs are active international businesses. According to Etemad and Sajadi (2008), internationalisation is defined as a process whereby a firm moves from operating only in its home market to operating internationally. Welch and Loustarinen (1998) also describe internationalisation as the process of increasing imports and exports in a firm's international activity. SME internationalisation may therefore represent a potential mode to export development and economic growth in developing economies, including sub-Saharan African countries such as Ghana (Robson and Freel, 2008; obeng *et al.*, 2014). Except, however, for the Republic of South Africa, sub-Saharan African economies have not paid serious attention to the SMEs' role in exporting and, consequently, they contribute little (2-3%) to global trade (World Economic Forum, 2007). However, the SMEs make significant contributions to these countries' overall exports. For instance,

in Ghana, non-traditional exporters contribute about 30% of total exports (Owusu-Frimpong and Mmieh, 2007; Mmieh *et al.*, 2012).

2.1.2 Development of internationalisation theories

Generally, internationalisation theories have sought to explore and explain the reasons firms internationalise operations. Authors who have contributed to the study and discussion on firms' internationalisation include: (a) Dunning (1988): the theory of international production; (b) Vernon (1966): the international product life cycle theory; (c) Knickerbocker (1973): oligopolistic reaction theory; (d) Teece (1986): transaction cost theory; (e) Hymer (1976): monopolistic advantage theory; (f) Johanson and Mattsson (1988): network theory; (g) Buckley and Casson (1976): internationalisation theory; (h) Bilkey and Teser (1977): innovative-related models (i) Johanson and Vahlne (1977;1990); Vahlne and Ivarsson, (2014): stage theory; (j) McDougall, *et al.* (1994): international entrepreneurship theory; and, (k) Barney (1991): the resource-based view (RBV).

Of the above known theories mentioned (a) to (i) are the main approaches to multinational enterprises (MNEs).

According to Ruzzier, *et al.* (2006) dimension classified theories such as monopolistic advantage theory, transaction cost theory, and internationalisation theory and oligopolistic theory are the main assumptions about and approaches to multinational enterprises (MNEs).

Though the above theories throw light on this study, with the exception of RBV and international entrepreneurship theory, they are only briefly discussed as they are not considered the main theories to address the research questions of the study. It must again be mentioned that the focus of this study is on SMEs rather than multinational enterprises.

Ruzzier, *et al.* (2006) and Chen and Hambrick (1995) posit that theories developed to apply to large firms being applied to small and medium-sized enterprises, could lead to mixed results, and such theories would not be appropriate for SMEs' operations.

This study draws upon theoretical foundations such as the resource based view (RBV), international entrepreneurial orientation and institutional theory to explain the international competitiveness of NTHes.

According to Leonidou *et al.* (2010) and Bloodgood *et al.* (1996), research on internationalisation of SMEs tends to focus mainly on exports.

Hamel and Prahalad (1990) and Etemad (2004) argue that exporting SMEs should develop competencies which are unique in their competitive strategies and can lead to a competitive advantage. This will enable SMEs to compete favourably with other competitors.

Based on the studies mentioned above, this study will explain briefly the existing theories of internationalisation.

Vernon (1966), discussing product life cycle (PLC) theory, asserted that the internationalisation and the development of a firm follow the PLC theory, in terms of characteristics, consists of four stages, namely: (1) formation; (2) growth; (3) maturity; and, (4) decline. The PLC theory explains that an organisation's decision to enter the foreign market is linked to its PLC trajectory. Thus, the choice of the foreign market to trade, and the time to internationalise are connected to the PLC development of the firm.

The PLC theory was not, however, considered to inform this study due to the fact that SMEs, because of their size and nature, do not lend themselves to the full theory. As argued by Dana, *et al.* (1999), the PLC theory, although relevant in explaining the behaviour of large multinational enterprises (MNEs) does not explain the business behaviour of SMEs. Also, most SMEs do not have the resources to use foreign direct investment (FDI) to globalise their businesses; rather, they base themselves on different types of international strategic alliances (ISA). Again, the PLC theory is based largely on manufacturers, whose core capabilities are mostly in manufacturing. In accordance with the studies of Wright, *et al.* (2007) and Teece (2014, 1986), the internationalisation theory and transaction cost theory appear to be similar. These two theories are jointly based on the assumption that the reduction cost for international transaction activities within the firm is a major determinant of internationalisation. Hence, the firm would participate in the international market by performing international transaction activities which are separate from other activities.

According to Hymer (1976), the monopolistic advantage theory suggests that a firm's ability to internationalise would be dependent largely on its monopolistic advantage that it possesses over other competitors in the market, locally and internationally.

Dunning (1988) in his development of the international production theory, suggested that internationalisation is driven by three main explanatory variables, namely: (a) internalisation-specific advantages; (b) ownership-specific advantages; and, (c) location-specific advantages.

Internationalisation and ownership advantages are derived from the firm's internal strength or capacity. And these would normally help the firm towards internationalisation. The advantage of the location, which is referred to as the 'macro-level' advantage, is enjoyed by local firms, and these enhance the firm's capacity to internationalise.

In 1973, Knickerbocker developed an oligopolistic reaction (OR) theory which states that the basic assumption underlies the fact that a firm would enter a foreign market to show its equal capability to compete with other competitors in the international market. The intention is for the firm to avoid the risk of pitfalls associated with 'solo' attempts in the international market involvement. The OR theory supposes that internationalisation of firms is risky, so firms are advised not to go it alone, but to learn from others with internationalisation experience.

The innovative-related models collectively suggest that firms' internationalisation behaviour is based on a 'linearly progressive trajectory' where each trajectory represents an innovation for the firm (Bilkey and Tesar, 1977; Cavusgil, 1980; Reid, 1981). According to Ruzzier, *et al.* (2006) and Westhead (2008), these theories mainly focus on and explain the behaviour of large firms' internationalisation, and do not offer adequate explanation for the behaviour of small businesses in international markets.

Despite the emphasis on large firms' internationalisation, Garnsey (1998) asserts that the traditional concepts of internationalisation provide useful insights for understanding SME internationalisation.

Hedlund and Kverneland (1983) questioned some of the assumptions that provide theoretical support to the theories, especially in view of changes in the international business environment and in companies' ability to manage international operations.

According to Kinch (1987), network theory tends towards a long-established and stable relationship. Zain and Ng (2006) and Ojala (2009) assert, however, that the network relationship constrains the pursuit of other opportunities.

Chetty and Holm (2000) finally assert that, international entrepreneurship is a new phenomenon and in spite of a number of studies in entrepreneurship, there is not much comparative research work done in this area.

2.1.2.1 Development of firm's internationalisation concepts

The internationalisation of firms discourse in the context of international business can be summarised as a progression from schematic to more sophisticated models as illustrated in figure 2.1. Wach (2012) identified six main research strands and their development from models of the stages to holistic approaches. In the mid 1970s, the Uppsala model by Johanson and Vahlne (1977: 2009) marked the beginning of the stage development models' discourse. The Uppsala model identifies temporal and spatial patterns of development. Basically, firms first gain experience in the local markets and then start exporting.

The resource based view (RBV), however, due to macro-economic instability went through some changes in the 1970s; strategic planning was no longer understood as a process of resource planning, but firms with distinctive resources or with a blend of reserved resources, possess good capabilities and are better inclined to go international (Bloodgood, *et al.*, 1996).

Network theory of internationalisation particularly focuses on the role of a firm's network of customers, suppliers and with other businesses in internationalisation (Mtigwe, 2006). Going international, according to Mort and Weerawardena (2006), is about the ability to create opportunities in the international markets' network, in the midst of shortages in resources such as information and skills (Meyer, 2006).

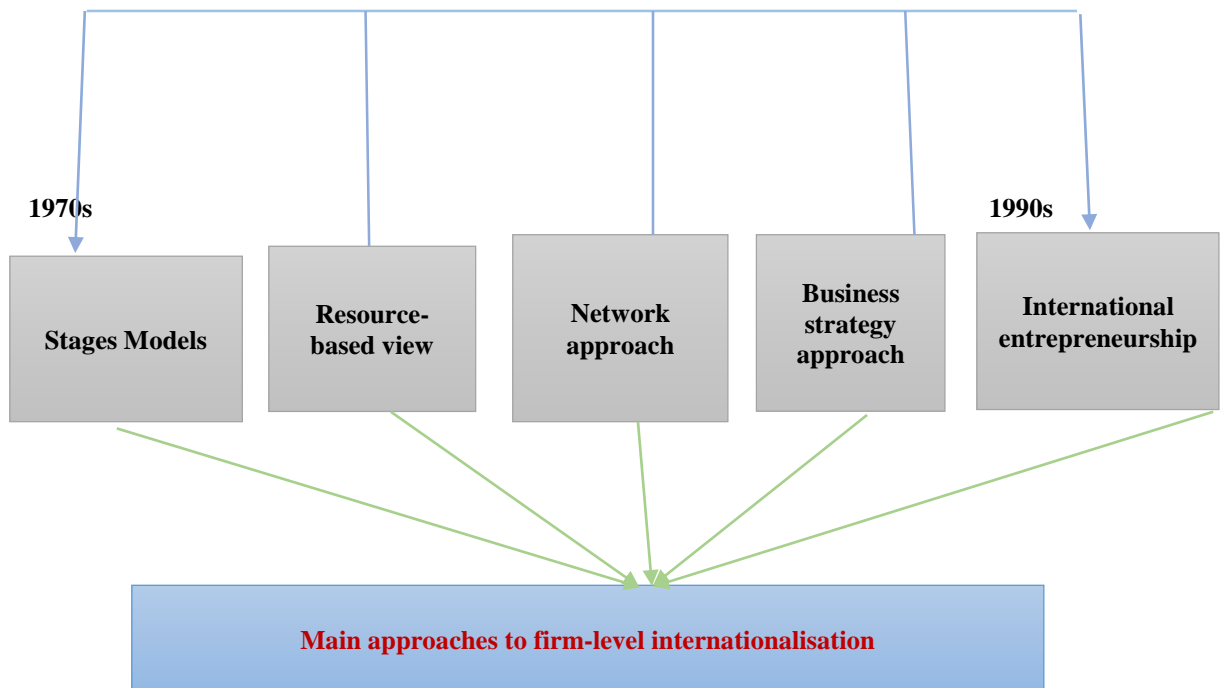
The business strategies approach has been considered from different perspectives such as an organisational decision-making process (Root, 1994) and organisational structure of international strategy (Perlitiz, 2000). This is consistent with international entrepreneur strategy which does not describe it as a strategic process, but rather plans patterns of actions seeking to make use of opportunities (Jones and Dimitratos, 2004).

In the case of SMEs, they usually first internationalise to a neighbouring country or countries with which there are certain cultural similarities, and geographical proximity and also in which the business already has business contacts, mostly with suppliers (Wolf, 2011). According to Stehr (2012), SMEs are known for their export success, and typically internationalise without using a planned strategy. Furthermore, no methodical approach in the selection of target countries is detectable. The research results and analyses revealed that an optimal and unique approach in the context of

entrepreneurial internationalisation is not applicable to all companies alike (Stehr, 2012).

Ahlert *et al.* (2007) noted that successful SMEs focus on their actual strengths in the home market and then seek gradual growth with key partners and customers abroad. Thus, it seems that successful internationalisation is not a question of a rational and planned approach, but a pragmatic approach in terms of seeking and taking entrepreneurial business opportunities. Empirical SME research shows that, especially at the beginning of internationalisation activities, there is no plan or internationalisation strategy. These are, if any, generated *ex post* strategies (Garret and Covin, 2007; Wiesner, 2005).

Figure 2.1 Development and Theories of Firm's Internationalisation



Source: adapted from Wach (2012).

2.1.3 Selected models of SME international competitiveness

Following the literature review, a number of models focusing on the firm-level international competitive advantage have been identified. Some research work has also been done on the determinants of SME competitiveness. As part of this study, models which are employed in the explanation of issues of international competitiveness of the SME, are presented. Buckley, *et al.* (1988) determined

competitiveness by focusing on measuring competitiveness while building firm-level competitiveness which also forms the international competitiveness perspective. The study emphasized that competitiveness comes with complex issues, and requires a complex measuring system. Three common measuring components of the theoretical model of firm-level international competitiveness are introduced in their study:

- (1) the competitive process: that management process within the local parent company and their foreign affiliates must be considered when the processes are being developed;
- (2) the firm's international performance: the total international performance in terms of total sales, i.e., export sales arising from foreign investment; and,
- (3) competitive potential: that is, the potential of the parent company and their international partners must be considered when their potential is being assessed.

The World Competitiveness Report (WEF, 2013) employs a mixture of assets: Competitive Potential (which are either developed or inherited), Process (competitive process), and changes in these assets into Economic Results (competitive performance) which are determinants of competitiveness. The study emphasised that competitiveness should be observed and discussed in a relational composition, taking into consideration characteristics of sustainable competitive advantage (characteristics of the competitiveness) as stated by Wach (2012).

According to Man *et al.*, (2002), the entire process is determined by a set of external and internal multidimensional factors. These would include the business external environment, the firm's internal resources and performance indicators, and the entrepreneur. The authors also believed that entrepreneurial factors, namely; conceptual, organising, relationship, opportunity, commitment and strategic competencies, play an important and a leading role in building the firm's competitiveness and competitive advantages. In furtherance of their discussions, Man, *et al.* (2002), in their relational model of international firm-level competitiveness, observed that the theoretical modelling of the firm-level international competitiveness of SMEs is a trichotomous result of the internationalisation of the firm, business innovativeness and the functioning of the formal or informal networks which support the SMEs. Similar ideas are shared by Daszkiewicz (2008) and Daszkiewicz and Wach (2012).

Ma and Liao (2006), in their studies, identified that innovation, research and development are determinants to increase firm level international competitiveness. This model places competencies and resources first and is built around the assumptions that the RBV is developed in strategic management. These are distinguished by three factors: co-dependent (managerial), resource exploitation and technological capabilities.

In the theoretical modelling of firm-level international competitiveness, Trąpczyński and Wrona (2013), saw internationalisation as a basis of competitive advantage which is influenced by three factors, namely: (a) value chain and its use in the process of globalisation through the external and international activities along this chain; (b) innovation internationalisation; and, (c) market activities in the internationalisation process, used as a strategy in the product-market arrangement.

These factors vary significantly, depending on the level of advancement and the strength of the internationalisation processes in their theoretical modelling of firm-level international competitiveness. It is also shown differently at the early stages of internationalisation, and in an entirely different way in more advanced stages.

Table 2.1: Selected Studies on SME Competitiveness Determinants

Authors and Dates	Competitiveness Determinants
Wernerfelt (1995)	Tangible and Intangible resources
Khalil (2000)	Technological processes
Barney (2001)	Valuable, rare, immobile, non-substitutable
Man <i>et al.</i> (2002)	External factors, internal factors, entrepreneur profile, firm performance
Lev (2004)	Patents, trademarks, brands
Ambastha & Momaya (2004)	Processes, asset, and performance
Simpsons & Docherty (2004)	ICT
Siggel (2006)	Market share, price, competitive cost
Sirikrai & Tang (2006)	Internal drivers (RBV based), financial and non-financial indicators
Toppinen <i>et al.</i> (2007)	Capabilities and Resources, marketing strategies and industry key factors
Chew <i>et al.</i> (2008)	Strategic alliances, innovation and differentiation
Alvarez <i>et al.</i> (2009)	Networking
Rosenbusch <i>et al.</i> (2010)	Innovation
Awuah & Amal (2011)	Innovation, learning and Internationalisation
Vladimirov Simeonava, <i>et al.</i> (2013)	Basic factors for SME competitiveness and Global-specific factors for SME competitiveness

Source: Compiled by the researcher based on the literature

2.1.4 Resource-based view and international competitiveness of SMEs

According to Barney (1991), the resource-based view (RBV) presupposes that firms represent collections of unique sets of resources which would advance organisational performance based on the heterogeneity of resources and of firms in particular industries.

The RBV concept, which originates from Penrose (1959), has attracted high interest in SME competitiveness literature and is extended by other researchers such as: Barney (1991), Grant (1991, 1996), Fillis (2001) and Helfat and Peteraf (2003).

Versions of the RBV framework, such as: (a) the resource dependency theory (Pfeffer and Salancik, 1978); (b) the resource based view of the firm (Barney, 1991; Barney *et al.*, 2011); (c) the dynamic capability concept (Teece *et al.*, 1997); and, (d) the resource scarcity theory (Castrogiovanni *et al.*, 2006), have been further developed. The RBV

concept draws its assumptions from the fact that internal resources of a firm would give it a competitive advantage through higher performance.

According to Barney (1991) and Celec *et al.*, (2014), resources which are owned by a firm can be immutable, non-substitutable and rare assets which are tangible or intangible. And these constitute their strategic resources that enable them to outperform their competitors. Barney (1991; 2001; Wernerfelt 2014) continues that a firm's resources are all their assets, attributes, capabilities, information, knowledge, organisational processes, etc., that are managed by the firm which enable the organisation to perceive and execute strategies that would improve their effectiveness and achieve high efficiency. The theory also argues that it would take competitors longer to unearth the lead firm's competitive advantage because of the heterogeneity of resources the firm possesses (Barney, *et al.*, 2011). This implies that an exporting firm can achieve a sustainable competitive advantage if they have tangible or intangible resources that are characterised as rare, immobile, non-imitable and non-substitutable, and these would help to enhance their competitive advantage at the international level (Knight and Kim, 2009 and Barney, *et al.*, 2011).

Conner and Prahalad (1996) and Barney (1991, Barney *et al.*, 2011) posit further that RBV firms which possess resources that are rare, valuable and immutable would achieve sustainable competitive advantage if they implemented value creating strategies which cannot easily be imitated by their competitors.

With regards to SMEs, the question here is, can SME's unique resources enable high performance at international level. The key SME managers who have specific resources in terms of skills and knowledge such as entrepreneurial orientation capabilities, specific knowledge and social bonds would be significant drivers for their international success (Knight, 2001). According to Bell, *et al.* (2007), high international orientation, knowledge, unique skills and the ability to network with others firms, have helped biotech SMEs from Europe become successful overseas. Unique knowledge possessed by their human resource is a major part of the sources of the firm's competitive advantage.

Eisenhardt and Martin (2000) and Zahra, *et al.* (2006), from a dynamic capabilities perspective, look beyond the concept of possession of unique resources, which is seen

as the key to sustainable advantage. Dynamic capabilities are about the firm's characteristics that are required to seize the available opportunities identified as most promising. They focus on identifying which resources or capabilities are important in order to obtain a competitive advantage in international markets and eventually how they evolve in time. The authors do not, however, deal with the question of how these are obtained.

While RBV emphasises capability, Chetty and Agndal (2007) in their study assert that, due to SMEs' limited financial resources, small size and managerial personnel resources, the SMEs should rather actively seek resources from the external environment. Following Barney's (1991) perspective, it can be argued that a firm with unique resources will respond positively to export competitiveness.

Grant (1996) and Collis and Montgomery (1995) expanded this limited view as there was the need to make a distinction between resources and capabilities. The idea of classifying everything as a resource would lessen the power of the concept. The resources were restated as the inputs to the production process such as skills of individual employees, finance and capital equipment. Capabilities were stated as the capacity of a group of resources to perform some task or activity which was recognised as a source of sustainable competitive advantage since they are more difficult to attain or reproduce than the resources on which they are based.

According to Teece (2007, 2014) and Teece, *et al.* (1997), the dynamic capabilities perspective emphasises the identification of opportunities and the ability to respond in a timely manner in complex environments. It also reveals that firms do adapt to and shape business ecosystems, through collaboration and innovation with their competitors.

Dynamic capabilities (DC) are considered as the abilities to build, reconfigure and integrate internal and external competencies to address the changing environment (Teece, Pasino and Shuen, 1997). The DC originates from strategic management literature and build upon, and extend the RBV of firms, initially promoted by Penrose (1959). This was later expanded by others such as Wernerfelt (1984) as well as Barney (1991). According to Teece, *et al.* (1997), the theory was developed to assist in the understanding of how certain firms build competitive advantage in regimes of rapid

change. The DC theory is considered as the ability to modify or generate operations or strategic routines to achieve a more effectively configured resource in responding to a slowly or rapidly changing environment with the objective of achieving a sustainable competitive advantage (Zollo and Winter, 2002; Teece, *et al.*, 1997).

Pisano (1997) posited that Dynamic Capabilities, are essentially routines in the organisations which are deployed to change the resource base by creating and acquiring resources, as well as integrating, shedding and recombining existing resources to produce new value creating strategies.

According to Augier and Teece (2009), the DC theory is about how firms would access or create new knowledge, the ability to choose investment opportunities, then to identify and seize new opportunities in achieving organisational transformation.

Eisenhardt and Martin (2000) also argue that, whilst the functions of DC are applicable and generic across business contexts, their values lie in the creation of resource configurations and not in the capabilities themselves. Some empirical research work has explored the linkage between the internal resources of firms and their competitive advantages. The study of O'Regan, *et al.* (2005) unearths a relationship between performance and ownership of SMEs in the UK. Wood (2006) affirms that the extent of promotional activities they carry out, the age of any business and funding they receive from relatives, will have an impact on performances of small firms.

Marques and Ferreira (2009) also demonstrate that research and development, the processes of innovation do impact on the competitiveness of SMEs in Portugal.

The study of Singh, *et al.* (2008) also reveals that among the different strategies implemented by SMEs in India, the most important strategies that have correlation with the SMEs' performances are product quality improvement, human resource development and information technology applications.

Other authors view competitiveness with the competency approach. Barney (1986), Peteraf (1993) and Teece, *et al.* (1997) stress that a firm's competitive advantage depends on the resources they have internally which their competitors do not have.

Some recent literature reviews on RBV have shown increased focus on intangible resources which form a basis for developing sustainable competitive advantage (Ruzo *et al.*, 2011; Locket, *et al.*, 2009; Chrisholm and Nielsen, 2009).

Newbert (2008) states that capabilities and resources are sources of competitive advantage but, these do not, however, necessarily contribute to any competitive advantage. According the author, these capabilities and resources may be valuable, rare, inimitable and non-substitutable yet it is understood that such conditions, nonetheless, are insufficient. The Author contends that, in addition to possessing such ingredients, "firms seeking a competitive advantage must also demonstrate the ability to alter them in such a way that their full potential is realized"(Newbert 2006, pg 124).

In the context of a co-operative relationship, Peng, *et al.* (2008) also argued that, resources would not necessarily create value, unless they are deployed, transformed and effectively combined.

Additionally, the RBV theory has been criticized for its failure to explain the mechanism that transforms capabilities and resources into expected performance outcomes (Priem and Butler, 2002).

It can be argued that RBV merely focuses on a firm's unique set of resources but ignores the process of identifying such resources, especially with respect to small firms, as it is possible for small firms to possess 'unearthed' resources. Furthermore, RBV can be said to be weak in the sense of limiting firms to focus merely on maintaining their existing resources for competitive advantage (Peteraf and Barney, 2003). RBV needs to be developed and to identify more resources to match the changing environment. In this regard, RBV with respect to SME exporters, should be viewed more from a dynamic capabilities perspective which allows resources to be improved and adapted to the constantly changing environment. Notwithstanding the preceding criticisms, RBV is considered relevant to this research. It would be interesting to discover how SME exporters utilise their unique resources and how these enable their competitiveness.

2.1.5 International entrepreneurship and competitiveness of SMEs

Oviatt and McDougall (2005) defined International Entrepreneurship as the enactment, discovery, evaluation and exploitation of opportunities - across national borders - to create goods and services (Oviatt and McDougall, 2005, p. 540).

This section of the chapter discusses one of the important phenomena connected to international business research. International entrepreneurship is an emerging concept in international business study (Coviello *et al.*, 2011; Wright and Ricks 1994).

The study presents the contributions of international entrepreneurship and other authors of international business research.

The dynamic environment in which most SMEs are now competing has compelled these firms to consider the importance of top managers' contributions, in terms of their impact on strategic decision-making which is influenced by the managers' values and entrepreneurial capabilities (Davis, *et al.*, 2010).

Thus, the underpinning assumption of IE theory could be employed to explain the activities of NTHes as the purpose of these firms is to create value and to exploit and increase their competitive advantage in international markets (Peiris *et al.*, 2012).

McDougall and Oviatt (2000, 2005) contend that researchers in the fields of entrepreneurship and international business cannot overlook the emerging power of entrepreneurial firms in international competition. In the literature reviewed, there is some agreement that the entrepreneur identifies opportunities, innovates and takes a risk (Caruana, *et al.*, 1998). It is assumed that entrepreneurs are better able to identify and exploit opportunities.

Due to the emergence of globalisation, the business and its environment has become complex and more uncertain. Prajogo and Ahmed (2006) indicate that the business environment is rapidly and constantly changing, and so are the markets' and customers' needs. Organisations must now learn new knowledge to enable the developing of new products which will satisfy the new segmented market in the customer demographics. Barsh (2007) and Chapman and Hyland (2004) affirm that organisations that will pursue entrepreneurial activities are likely to attain competitive advantage.

Miller (1983) developed the most commonly accepted conceptualisation of entrepreneurial orientation and argued that a firm would develop entrepreneurial orientation if it consistently exhibited product market innovations, behaved proactively and took a 'risk'. He further contended that most written literature on 'entrepreneurial orientation', focused on the organisational level.

According to Lumpkin and Dess (1996, 2001), International Entrepreneurship has been described in different dimensions as competitive aggressiveness; autonomy; innovativeness; risk-taking and pro-activeness. Particularly, the last three dimensions (innovativeness, risk-taking and pro-activeness) have regularly been used in defining entrepreneurial orientation in recent times.

Zahra, *et al.* (2002, p.265) has described IE as the process of discovering, creating and exploiting opportunities that would lie outside a firm's local market and the pursuing of competitive advantage. Similarly, Oviatt and McDougall (2005, p.540) describe IE as "the discovery, enactment, evaluation and exploitation of opportunities across national borders to create goods and services".

It has also been emphasised by Lu and Beamish (2001; 2006) that internationalisation is being entrepreneurial as it would involve innovativeness, risk-taking and pro-activeness.

From a theoretical perspective, the IE literature seems fragmented and lacks a unifying paradigm (Jones *et al.*, 2011; Kuivalainen *et al.*, 2012)

According to Oviatt and McDougall (1994), the IE theory assumes that it is the possession of some special entrepreneurial characteristics that would normally influence some SME owners to make entry into international markets while others would consider it a big risk and would remain in the domestic market. They also contend that the RBV is a valid framework that could be employed to illustrate the international activities of international ventures.

In their latter work, McDougall and Oviatt (2000) would again argue that though international entrepreneurship does not show clear and unifying theoretical and methodological direction, it is still noted to offer a robust conceptual base on which to

examine variations of corporate behaviour that reflect participation in the international markets and export entrepreneurship. And this was supported by Ibeh (2003).

And Alvarez and Busenitz (2001) concluded that there is a link between entrepreneurship and RBV which suggests entrepreneurs as the source of sustained competitive advantage.

The above therefore suggest a relationship between the two theories of RBV and IE. In the context of knowledge in resources, entrepreneurs are considered as people who possess enviable characteristics that could enhance the growth prospects of many small firms, thus moving the focus of analysis of the RBV from the firm level to the individual level. Smallbone and Wyer (2000) and Dobbs and Hamilton (2007) state that most entrepreneurial characteristics contribute to business growth and include experience, skills, personal motivation, imagination, aspirational reasons, education and training qualifications.

Nonetheless, experience and competent entrepreneurs would not just possess skills but would also have the ability to use these skills in specific contexts, and produce effective and quantifiable benefits for their business (Daskalopoulou and Petro, 2010).

In support of the above, Barney (1991) asserts that experience, training, skills, relationships, entrepreneurial knowledge, judgment and the ability to combine or link up resources are regarded as resources themselves. Such resources are socially complex and would add value to the firm because they would be difficult to emulate or be reproduced by other firms (Alvarez and Busenitz, 2001).

Daskalopoulou and Petro (2010) suggest that differential access to information would produce major differences in the view of the business environment. Entrepreneurs would also attempt to exploit these differences of ideologies to their benefits. The defining characteristics of the entrepreneurs, therefore, are disparaging decision making which is close to risk-taking and doubt.

The implication of the international entrepreneurship model here is that the model requires evaluating different elements related to internationalisation. McDougall and Oviatt (2000) states that the entrepreneur needs to develop competencies, skills and management expertise to achieve success in the international market arena. According to Hitt, *et al.* (2001), to build competitive firms of an entrepreneurial nature to act

strategically, there must exist an integration of entrepreneurial and strategic thinking. Entrepreneurs are, thus, considered as strategists who find a match between what firms can do within the horizon of what they do (Foss *et al.*, 1995).

According to Zahra and George (2002), it is important for SME exporters to improve their competitive stance and develop international entrepreneurial characteristics by discovering, creating and exploiting potential opportunities outside the network's domestic market to pursue competitive advantage.

Table 2.2: Selected Studies in International Entrepreneurship (IE) Theory

Purpose of the Study	Conceptualisation	Source
<i>"Explains the formation of international new ventures based on the limitations of generally accepted international business theories".</i>	<i>"Business organisation, which seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries from the inception".</i>	<i>McDougall et al. (1994, p. 470)</i>
<i>"Examines the international entrepreneurship literature in the 1990s and the directions for future research".</i>	<i>"New and innovative activities that have the goal of value creation and growth in business organisations across national borders".</i>	<i>McDougall and Oviatt (1997, p. 293)</i>
<i>"Examines how the international entrepreneurship phenomenon intersects the international business and entrepreneurship disciplines".</i>	<i>"Is a combination of innovative, proactive, and risk-seeking that crosses national borders and is intended to create value in organisations".</i>	<i>McDougall et al. (2000, p. 903)</i>
<i>"Examines the critical role of innovative culture, knowledge and organisational capabilities at the initial stage of born global firms and later success".</i>	<i>"A business organisation that from or near their founding, seeks superior international business from the application of knowledge-based resources to the sales of outputs from multiple countries".</i>	<i>Knight and Cavusgil (2004, p. 124)</i>
<i>"Defines international entrepreneurship and the pace of its internationalisation".</i>	<i>"Is the discovery, enactment, evaluation and exploitation of opportunities – across national borders – to create future goods and services".</i>	<i>Oviatt and McDougall (2005, p. 540)</i>
<i>"Reviewing trends in SME internationalisation: past, present and future".</i>	<i>"A research approach to the internationalisation of the small businesses from the entrepreneurial perspective".</i>	<i>Ruzzier et al. (2006, p. 489)</i>
<i>"Provides a conceptual framework to examine international entrepreneurship by investigating the general organisational context in which it is embedded".</i>	<i>"An organisational-wide process which is embedded in the organisational culture of the firm and which seeks through the exploitation of opportunities in the international marketplace to generate value".</i>	<i>Dimitratos and Plakoyiannaki (2003)</i>

Source: Table developed by researcher based on the literature review

Table 2.2 shows different studies of international entrepreneurship by some authors and confirms the increasing attention given to international entrepreneurship theory by researchers. The studies reflect the overall strength of IE concepts, which lie in the explanation of the factors influencing SMEs' internationalisation. The synthesis of the

findings of the investigated studies reveals the main strength of IE concepts: to provide a conceptual foundation to understand NTHE internationalisation in terms of competencies in skills and knowledge.

In relation to SME international competitiveness, the fundamental assumption is that certain entrepreneurial unique behaviour characteristics influence SMEs in their international operations. Such behaviour characteristics help the SMEs to identify the right markets to enter, at what point in time to go international and the type of strategies to be employed.

According to Oviatt and McDougall (1994, 2005) and Barney *et al.*, (2011), acquisition and possession of exceptional entrepreneurial characteristics would influence the competitiveness of the SME. For example, strong personal drive, positive international attitudes and international orientation, culture, ambition, a need for international achievement, the motivation required for international risk-taking behaviour and internationalisation would be among these unique entrepreneurial behavioural characteristics that would steer internationally entrepreneurial SMEs (Dimitratos and Plakoyiannaki, 2003). An ongoing debate on IE theory suggests that although Oviatt and McDougall's (2005) assumptions are commonly accepted, authors such as Zahra and George (2000) and Zahra, *et al.* (2005) argue that entrepreneurial actions cannot be limited to the following: a particular firm's age (years of existence as an SME), the time of a firm's international market entry or the size (small and/or medium-sized) of the firm.

Knight and Cavusgil (2009) and Ruzzier, *et al.* (2006) consent to the above argument and have stated that entrepreneurial features such as international risk-taking behaviour, international vision and international opportunity identification as indicated by McDougall *et al.* (1994), cannot be limited to a specific age of a firm (e.g., the born global), to a particular industry (e.g., the highly technological and knowledge-intensive sector) and to a specific size of a firm.

Dimitratos and Plakoyiannaki (2003) have also suggested that entrepreneurial features are part of an organisation-wide process that are hidden in the culture of a firm. They mean that the concept is applicable to both large and small firms.

It is important to note that McDougall and her colleagues (see table 2.2) have

continued to revise their definitions since 1994 (1994, 1997, 2000 and 2005).

The authors appear to agree that the concept is not limited to a firm's size, age, sector and country (Oviatt and McDougall, 2005; Casillas *et al.*, 2014; Zahra, *et al.*, 2005). The concept is by no means limited to SMEs but it is applied here to SMEs as this represents the area of interest.

Supporting the argument, Andersson (2004) and Etemad (2004) argue that, in addition to the entrepreneurial features relating to the IE phenomenon, it is also supported by environmental factors such as the removal of trade obstacles and improvement in technology in international transportation and communication.

The rationale for including the IE in this study is that personality factors, the influence of the owner-manager of an SME and the impact on exports can be understood in detail from the point of view of entrepreneurship (McDougall, *et al.*, 1994; Ruzzier, *et al.*, 2006). It can, however, be said that the RBV would take care of the influence of the internal environment of the SME and the effect on the SME exports.

As this study focuses on determinants of competitiveness, it is considered that any framework that would highlight the influence of the entrepreneur owner-manager of an SME and its competitiveness, should not be excluded.

The entrepreneurial assumptions considered in this study do agree with the recommendations and conclusions made by a number of authors (e.g., Oviatt and McDougall, 2005; McAuley, 2010; Dimitratos and Plakoyiannaki, 2003).

Although the IE theory was primarily criticised on the basis that entrepreneurial features related with the phenomenon cannot be restricted to new small firms. This is a behaviour that can be demonstrated in the domestic or international firm in the SME community and also in large firms.

2.1.6 Network approach to international competitiveness of SMEs

This section builds on previous discussions by investigating how a firm's relationship may aid SME international competitiveness. Previous studies have stressed the influence of networks on SME internationalisation (McAuley 2010; Ojala, 2009). The

study focuses, particularly, on how a network provides the resources that would enhance SME international competitiveness in the international markets.

According to Johanson and Mattsson (1988), the influence of network relations on export market development consists of penetration, extension and international integration. The authors claim that a firm's success on entry into a foreign market is much more dependent on its networks within the current markets than cultural characteristics and the market.

Networks can be helpful in terms of catching-up economies since it is feasible to overcome issues such as technology, and knowledge. O' Gorman and Evers, (2011) and Rutashobya and Joensson (2004) argue that a network eliminates perceived psychic distance and other disadvantages and make possible SME entry into international markets.

Johanson and Vahlne (2009) affirm that networking in an international business environment will continue to increase due to co-dependencies among firms as well as countries. In contrast, Ahokangas (1998) underlined that control, trust, resources and mutual dependence within and between firms emerge as theoretical issues with regards to network theory.

2.1.7 Born global internationalisation

Many studies have examined a number of firms which rapidly internationalise their operation across borders and soon after establishment are variously referred to as born international, born global, instant exporters, infant international and international new ventures (Anderson 2011).

Born global firms are defined as business organizations that, from inception, seek to gain significant competitive advantage by using their resources and the sale of their products in different countries. Born globals tend to have a strong entrepreneurial orientation (Lumpkin and Dess, 2001; Knight and Cavusgil, 2004; 2009) that seems to have an influence on their actions and strategies, and on the way they manage networks. In their growth path, born globals undergo a maturation process in which their networks may continue to play a fundamental role (Sepulveda and Gabrielson, 2011). According to Knight and Cavusgil (1996, 2005), born globals are usually

managed by entrepreneurial visionaries who right from their establishment see the world as a single, borderless marketplace.

Oviatt and McDougall (1994, 2005) assert that these firms challenge other theories' perceptions that small businesses are limited by resources entering international markets and breaking the process followed by the traditional theories.

In a quest to understand their operations, scholars have used other concepts and theories to describe them. For example Knight and Cavusgil (2004; 2009) described them using RBV and have also identified them as having sets of entrepreneurial competencies such as global vision, ability to identify technological opportunities and the ability to take advantage of them amongst other things.

Characteristics of born global firms include their expansion both in domestic and international markets (Coviello and Munro, 1997), their rapid and early international expansions across borders (Crick and Jones, 2000; Bell, *et al.*, 2004), their use of networks and their lack of resources and experiences (Lu and Beamish, 2001, 2006) and their focus on global niche markets (Knight, 2001).

Weerawardena, *et al.* (2007) imply that traditional measures of performance such as return on investment, profit and market share are unsuitable as objectives of these born global firms are too quickly establishing platforms and footholds in multiple markets overseas. Mort, *et al.* (2012) posit that current attempts to model the accelerated internationalisation of born global firms signifies that the internationalisation of these firms is steered by highly entrepreneurial owner-managers with a global mind-set which permits them to overcome the difficulty of resource poverty.

Thus, it can be said that the swift international market entry is the major performance indicator for the born-global.

Though many other names have been provided by various authors, it appears clearly that the name, born global, has frequently been used more than other names. Whereas some authors offer IE theory different terminologies in the same view, other authors define it differently (Rennie, 1993; Autio and Sapienza, 2000; Madsen, *et al.*, 2000; Aspelund and Moen, 2001; Rasmaussen, *et al.*, 2001; Sharma and Blomstermo, 2003).

It is observed that in the developing economy and Ghanaian context, a large number of SME exporters have operated as born global although they did not have the required

resources, entrepreneurial characteristics and qualities of born global as mentioned earlier. The majority of these SME exporters have failed. This evidence is supported by a GEPA report showing that a lot of first-time exporters have abandoned the export business as a result of failure to survive in the international business environment.

2.1.8 Innovation perspective and international competitiveness of SMEs

The rationale behind this approach is that entering an export market is perceived as an innovation in itself within the closed environment in which the firm operates. Weerawardena (2007, 2003) describes innovation as a firm's application and implementation of new ideas, which would add value to products, processes or marketing systems. Innovative practices enhance quality products, which in turn contribute to firm's performance and eventually lead to the firm's competitive advantage (Bustos, 2011; Forker, *et al.*, 1996). Roberts and Amit (2003) also argue that competitive advantage and superior profitability can be achieved through innovation.

In a related argument, a firm may achieve competitive advantage if it is able to manage and retain its human resources (Gadenne and Sharma, 2009; Kula and Tatoglu, 2006). In accordance with the human capital theory, productivity of employees would be enhanced through the investment in knowledge, skills and competencies (Zheng, *et al.*, 2006) and the satisfaction of the customer (Williams and Nauman, 2011; Dotson and Allenby, 2010). Similarly, Camison and Villar-Lopez (2010) indicated that SMEs' international experience is linked to high endowment of intangible assets. According to Mathur *et al.* (2007), intangible resources more significantly affect a firm's success.

Awuah and Amal (2011), in their study of firm internationalisation in the context of developing economies, focused on innovating and learning in interaction with other actors as a critical link to internationalisation of their activities, exploiting available opportunities and handling challenges evolving from globalisation. They contend that innovation and internationalisation are firm-specific capabilities which are not being ignored in the area of the firms' competitiveness in the current business world.

The study states that institutional systems, co-operation between firms, government socio-economic policies and active support of firms will enhance SMEs' capabilities with regards to learning, internationalisation and innovation, which must increase their

competitiveness. Furthermore, Rutashobya and Jaensson (2004) state that co-operation is a required response to intensified global competition, and joint action is essential for responding successfully to major challenges in business involving developing countries. Awuah and Amal (2011) affirm that the relationship between a firm's capabilities (i.e., internationalisation, innovation and learning) and the reconciling factor, the institutional setup, will lead to SME's competitiveness. The enhanced competitiveness of SMEs will, however, also be a factor of how well the firm would be able to handle their innovativeness in the international markets.

Goedhuys and Sleuwaegen (2009) posit that many firms in developing economies function below the technological limit. Their innovation endeavours are mainly steered towards improving technologies that are developed elsewhere. The importance of technology capability of firms in developing economies with respect to skills and knowledge is necessary for firms to utilise technology efficiently (Lall, 1992; 2013).

2.1.9 Institutional support and international competitiveness of SMEs

As a result of globalisation and the challenges coming from an international business environment, it is a considered view that the SME export business is an amalgamation of resource-constrained small exporters; whose survival and competitiveness largely depends on attracting resource-support from stakeholders such as government, private sector and international donor sources.

According to DiMaggio and Powell (1983), the business environment has forced companies to follow legitimate and social norms. This theorised pressure is the rationale behind companies' actions to increase their norms and legitimacy in their business environment (Oliver, 1990).

Cook (1996) notes that a government support policy can be direct or indirect. Given the limited resources associated with SMEs, his study identified four key areas: (a) both informal and formal arrangements within small-scale sectors and through linkages between large and small-scale enterprises and sectors; (b) local agents such as local associations, non-government agencies and private commercial organisations; (c) governments directing support through macro policy and direct assistance programmes; and, (d) international donors.

Berry (1997, 2002) argues that effective institutional support and policies to foster competitiveness and co-operation largely overlap with those which contribute to healthy SMEs in a more general sense.

It is therefore important that SME exporters are well-positioned in order to attract financial and non-financial support from government, the private-sector and international donor sources.

2.2 Small and medium-sized enterprises in Ghana

2.2.1 Introduction

What constitutes a small or medium-sized enterprise is of foremost concern in the literature. A precise and concrete definition of the SME has eluded researchers for decades, and this may partly be due to the heterogeneity and idiosyncratic nature of the small business sector (Hillary, 2000).

Different definitions have been given by diverse authors to this business sector. SMEs have had their fair share of issues with definition difficulties. Generally they are linked with concepts which have numerous components. The definition of firms by their sizes, varies among authors and across countries. Some authors have attempted to define the SME sector by their capital assets, whereas others try to define the sector by using turnover level or the skill of labour (Reid, 1982). There is no uniformly accepted or single definition of what constitute a small firm (Storey and Greene, 2010; Storey, 2016). According to Storey (2016), there are three major features, differentiating small and large firms which he describes as indicated below:

1. they engage in different roles in terms of innovation; standard products or services that large firms provide differ from those of small firms; small firms usually are able to produce something marginally different, in terms of product or service;
2. the greater the external instability of the environment in which the small firm operates, the greater the internal uniformity of its motivations and actions; and,
3. there is a greater probability of evolution and change in the smaller firm: small firms would experience a series of transformations before they become large.

Ace and Audretsch (2003) argue that the EU's definition of an SME is one that has less than 250 workers. The EU definition classifies firms having 50–249 employees as medium-sized, firms with 10–49 employees as small firms and firms of less than 10 employees as micro firms.

In adding to the already created confusion, the European Commission (EC) bases its definition of SMEs on the number of workers in a particular firm (International Research Journal of Finance and Economics, 2010, issue 39). The sizes range from: 100 to 499 workers as a medium enterprise firm; 10 to 99 workers as a small enterprise firm and between 0 to 9 workers as a micro enterprise firm. SMEs, according to the EC will, therefore, include companies with 10 to 499 workers. This means that the EC's definition of a firm in the context of size, is based on employment and not on any array of criteria.

The understanding and definition of what constitute an SME is important and it is deemed necessary to define what SME means in the Ghanaian context.

The Ghana National Board of Small Scale Industries (NBSSI) and Ghana Enterprise Development Commission (GEDC) define SME in the context of fixed assets and number of workers. The constant decline in the exchange rate in Ghana and the difficult process of valuing fixed assets, using different benchmarks, pose a problem and make the definition of SME irrelevant or outdated.

Ironically, the Ghana Statistical Service (GSS) in its national accounts considered firms with up to 9 workers as Small and Medium Enterprises. The GSS explains that firms with less than 10 workers are referred to as Small Scale Enterprises and those having more than 10 workers as Medium and Large-Sized Enterprises.

The Ministry of Local Government and Rural Development in Ghana based their definition of the SMEs on the following benchmark: firms with workers above 100 are described as large-scale enterprises; 30 to 100 workers as medium-scale enterprises; 6 to 29 workers as small-scale enterprises, and any firms that employ 1 to 5 workers as micro.

From the above, there appears to be a trend in the way a firm is defined in Ghana and firms are mostly defined in terms of size by number of workers. According to Teal (2000, 2008), SMEs are considered as firms with less than 100 workers.

A recently applied definition by many authors (e.g., Adjasi, 2006; Aboagye, 2006; Abor and Quartey, 2010) was presented in the 90s by the World Bank's study on sub-Saharan Africa (SSA) titled the Regional Project for Enterprise Development (RPED). The RPED categorised firms into: (i) micro; (ii) small; (iii) medium-sized; and, (iv) large firms. SMEs in Ghana were classified into: (a) firms with 5 employees or less as micro; (b) firms with workers between 6 and 29 as small enterprises; and, (3) firms with workers between 30 and 99 as medium-sized enterprises. Firms are considered large with 100 workers and above.

The difference between micro and small sized firms, as stated above, is not much. To enhance simplicity, compatibility and practical application, this study therefore defines SME as firms employing less than 100 workers.

2.2.2 Characteristics of SME exporters

Singh *et al.* (2008) examined the relationship between SMEs and large organisations. Their study revealed that many SMEs have a simple procedural system that would allow quicker response, flexibility and immediate feedback to customer needs and provide an environment for better understanding than large firms.

SMEs, therefore, provide a platform for faster decision-making and implementation of strategies, enabling immediate growth opportunities. This unique structural advantage accords SMEs an outstanding competitive advantage over many large organisations that are often bedevilled by slow decision-making machineries and overt bureaucratic bottlenecks. As SMEs are considered as a catalyst for export growth in developing economies, it has become essential for policy makers to create an environment that would motivate SME competitiveness in the globalised markets (Wignaraja, 2003; Rutashobya and Jaensson, 2004).

In terms of their typologies, different SMEs are typified by the nature of the products and sectoral specialisations they dominate by virtue of their overall output. In Ghana, the agro-based SMEs dominate the economy as a direct reflection of the overall economy's income earning structure being predominantly from the export of raw agro-

based produce such as cocoa, timber, and coffee, amongst others. It is, indeed, this outdated mode of income generation that has led the government to the emphatic development of the so called 'non-traditional export' sector seeking to harness local talent and resources towards the ultimate sole aim of value addition directed towards direct foreign exchange earning power, while benefiting from the current abundance of simple and appropriate technologies.

SME exporters are diverse groups, possessing a varied range of skills and sophistication, and who contribute substantially to country exports (Buatsi, 2002; Fletcher, 2004). Though it has been suggested that SMEs would be swept away by the power of modernisation, globalisation, economic integration and advancement in technology, SMEs have become a centre for policies in both developed and developing economies which aim at creating growth and employment (Albaum, *et al.*, 2011).

SMEs indisputably have established themselves as significant contributors in international markets. Ghauri, *et al.*, (2003) and Hinson and Sorensen (2006) posit that the development of a global market has become an integral part of most SMEs strategic growth. According to Knight and Cavusgil (1996), many more small firms are becoming involved in exporting activities showing behaviour which was not previously common and most of these SMEs have grown into active and dynamic exporters (Oviatt and McDougall, 2005).

In an earlier work, Andersson, *et al.*, (2002) have explained that small firms are not just becoming increasingly international, they seem to be entering the global market at an early stage as compared to exporters in previous decades. Those SMEs who have gained international experience have higher growth rates than domestic SMEs and are likely to be more profitable and productive than those restricted to domestic markets (OECD, 2004). However, according to Ibeh (2004), this picture of SME export performance does not reflect the reality in less performing developing countries. In Ghana, SME exporters contribute about 30% of total exports (GEPA, 2013).

Ruzzier, *et al.*, (2006) in their study contend that SMEs are experiencing international difficulties similar to those of larger firms. Many of today's SMEs, particularly those from developing economies including sub-Saharan Africa, are positioned to secure the benefits of globalisation but are not exempt from competition as they face the entry of

other foreign SME firms. The SMEs also face the threat of cheap imports in the domestic markets (Ibeh, 2003; Tesfom and Lutz, 2006). Thus, the SMEs come under serious threat from competition in both the domestic and global markets while they are required to sustain their competitiveness (Ruzzier, *et al.*, 2006). The SMEs, therefore, require resource capabilities to enable them to grow and channel relationships, to network and to plan/search for export related information (Ibeh, 2003). It is a fact that internationalisation benefits the performance of many large firms but it is not always the case with SMEs as the relationship is not very clear for SMEs mostly due to concerns about their limited ability to compete favourably in international markets (Ibeh, 2003).

Nummela (2011) argues that the deregulation of tariff barriers and better communication systems have led to the world becoming a global village with SMEs being pulled away from and pushed towards international markets in many circumstances.

Export problems can be seen as the structural, attitudinal, operational and other constraints that hinder a company's ability to initiate, develop or sustain international operations (Koksal and Kettaneh, 2011). Lall (2013) states that export marketing problems are gaps which must be filled before the competitive producer SME can become a successful SME exporter. There is some understanding in the literature that suggests that the export problems as time and industry are state and country-specific, yet most of the export problems of SME firms in developed and developing economies have similar characteristics (Ghauri *et al.*, 2003).

2.2.3 SMEs and competitive advantages

Competitiveness is not a new concept in international business and firms' internationalisation literature. Competitiveness is an attractive concept, which has been regarded as the individual firm's level, microeconomic level for industry policies and the macroeconomic level which focuses on competitive positions of local economies (Nelson, 1992).

Marti & Rodriguez (2006) and Waheeduzzaman and Ryans (1996) explored the 'competitiveness' concept from different disciplines, such as the price competitiveness or comparative advantage perspective, the strategy and management perspective, and

the historical and socio-cultural perspectives. The concept can also be treated as a dependent, independent, or an intermediary variable, depending on the perspectives from which it is approached. Competitiveness in the conceptual framework is defined in terms of SME exporters' increased market share, rapid market growth, high-level profitability and long-term performance.

Comparatively, there is little research done that explores the competitive advantage in SMEs as compared with large firms. A major purpose of SME's competitive advantage often arises due to some operational circumstances surrounding the enterprise (Beaver and Jennings, 2005). According to Carson (1985) and Maclaran and McGowan (1999), competitive advantage models are presumed not wholly applicable to smaller firms because they presuppose the existence of economies of scale. Thus, it is suggested that small firms can therefore not compete with larger organisations in terms of economies of scale. Day and Wensley (1988) argue that the recommendations for achieving high performance through the detection of core skills and resources, and their transformation into superior advantage, are difficult to emulate, even by large firms.

2.2.4 Factors inhibiting SME exports

Despite the important role SMEs play in sustaining and prompting economic growth and development in developing economies, this important role is often not accomplished due to the problems characterising SMEs in relation to their size, which can often act as a significant disadvantage (UNIDO, 2006). The concept of size in this context can arguably be attributed to a variety of indices such as volume of products generated, associated export income generated, overall annual turnover, employee numbers and above all, annual profit margins reported. On the national level, size could also be adduced to mean the proportion of contribution to a particular sector of the overall export-led forex earning capacity of the economy.

Since the increase of globalisation and trade liberalisation, the growth of exports in developing countries is facing different challenges in the international business environment. The issue of barriers to export has extensively been investigated by different researchers in the past years. (Laufs and Schwens 2014; Tesfom and Lutz 2006)

A firm's size is one of the most significant variables in the export business, given that small firms are perceived as lacking resources in the context of internationalisation. According to Buckley (2009), SMEs lack resources such as access to markets and access to technology, knowledge of business practices, and information about target foreign markets. Holmlund and Kock (1998) also contend that SMEs going international lack resources such as capital and skilled personnel.

Czinkota (1994; 2002) and Czinkota *et al.*, (2011) confirms that for firms to engage and be sustained in exporting to foreign markets, the risks are quite tremendous, especially in the early stages of their internationalisation process. This will in turn keep away many firms from venturing into foreign markets or maybe would lead to their early exit.

According to Tesfom and Lutz (2006) and Uner *et al.*, (2013), export barriers, as resource constraints and organisational limitations, increase SMEs' vulnerability. These disadvantages associated with SMEs can mostly be expressed in terms of SMEs': (a) lack of access to finance; (b) lack of purchasing power; (c) purchase of resource inputs or economies of scale in production; and, (d) the level of their profit margins that always prevent investment in innovation and product improvement, expansion and their participation in new market opportunities (Harvie, 2007; Fjose *et al.*, 2010; Owusu-Frimpong and Martins, 2010). It is agreed that export performance has a direct relationship with the size of the firm, implying that firm size is an indicator of a firm's resource base (Barney, 1991; Barney *et al.*, 2011; Dhanaraj and Beamish, 2003). By virtue of their size, intangible and tangible resource constraints have often been declared among the endogenous factors which limit small firms' internationalisation (Rutashobya and Jaensson, 2004).

According to Intertradeireland (2013), Small firms do not always have the financial resources, management and marketing skills, export knowledge and previous export experience.

Rutashobya and Jaensson (2004) state that SMEs face technical obstacles, financing difficulties and difficult export procedures. Neupert, *et al.* (2006) cite Bilkey (1978) who noted that foreign government restrictions imposed on exporters, the level of knowledge of foreign sales standard practices, lack of foreign market contacts and

distribution channels and lack of export finances, were common challenges with small exporters. SMEs exports may also be restricted by management skills and knowledge, language barrier, cultural differences, poor knowledge of foreign market information, management and marketing skills. Over the years, the outcome of different studies has supported the notion that barriers vary by firms' exporting stage. These findings are based on the internationalisation process theory of Johanson and Vahlne (1977); Vahlne and Ivarsson, (2014). These issues are particularly pertinent in the context of SMEs in developing economies such as Ghana. There is, however, a common understanding that the exporting firm's size does not make any difference in terms of the firm's exporting activities, behaviour or needs (Czinkota *et al.*, 2011; Czinkota and Johnson, 1985; Wolff and Pett, 2000). These authors believe that firms are not limited by size in global competition and that export success is rather a function of opportunities, knowledge, perspective, motivation, skills and luck. Muhlbacher, *et al.* (2006) posit that there are unlimited international opportunities, and that the exporting firms are only confronted with the challenges of identifying the opportunities available which will fit into the firm's capabilities and also be able to develop suitable marketing strategies to take advantage of such opportunities.

Scharf, *et al.* (2001) suggested a differentiation between two problems firms face in their international operations. The problems are: (a) initiating export problems; and, (b) on-going problems. The firm's lack of knowledge or international inexperience are referred to as initiating problems whilst on-going problems are issues related to the firm's involvement in international markets. Similarly, Tesar and Tarelton (1982) also described a differentiation between start-up export problems and problems linked with on-going export operations. They discovered that: (a) export start-up costs; (b) export documentation; and, (c) overseas opportunities, were identified as export initiating issues whereas issues such as: (a) differences in consumers and standards; (b) foreign representation; (c) servicing foreign markets; and, (d) securing payments and costs, were referred to as export on-going issues.

2.2.5 Globalisation and SME exports: opportunities and challenges

According to OECD (2004) report, SMEs' globalisation is comprised of cross-border activities, which involve international investment, trade, strategic alliances, strategic partnerships and networking activities affecting several business functions beginning

from research through product development to distribution. The same report shows that SMEs have made considerable contributions to many economies both developed and developing, they still remain under-represented in the international economies and change in respect of this, is likely to take time to happen.

The force of globalisation has impacted SMEs in two ways. Firstly, globalisation has opened up opportunities for SMEs in developing countries to be able to grow with access to virtually unlimited global assets such as new markets, information and new technology, and can now export to international markets (Wignaraja, 2003).

Secondly, another force behind globalisation is international trade barriers. Leonidou (2004) and Pinho and Martins (2010) differentiates internal barriers as exporting firms' resources, competencies and their approaches to exporting. From an external barriers perspective, barriers stemming from the export destination environment which is comprised of foreign rules and regulations, tariffs and odd customer habits, stress the need for smaller firms to identify and overcome both. Buatsi (2002) cites the International Trade Centre's (ITC) distinction between pre-shipment and post-shipment financial needs of small exporters. Pre-shipment finance is the working capital required between the time of receipt of an export order and the time of shipment, whilst post-shipment finance is required to bridge the period between the time of shipment and the receipt of export proceeds. In light of this, today's trading environment has forced economies to prioritise the development of export competitiveness of their SME sector in order to survive in the midst of fierce global competition and challenges.

According to Cavusgil and Knight (2004; 2009), the impact of globalisation has also helped to improve technologies, transportation and logistics and communication systems, which all enable the exchange relationships amongst a firm and its buyers, suppliers and other players across the globe.

Hill (2005) contends that the current global economy is moving fast towards an economic system which indicates a favourable trend in the practice of international business. Global business environment interdependencies can be seen at all levels. The inherent features of globalisation provide numerous factors such as firms and managers/individuals opportunities, governments, access to modern technology

worldwide, large markets, access to modern and superior goods/services and fewer barriers to international business. Following the impact of globalisation, it is now essential for every firm to strategise and develop its products competitively so as to be able to exploit the available opportunities originating from globalisation.

From the perspective of developing economies, the study of Awuah and Amal (2011) investigated the opportunities and challenges of globalisation. The study presented a conceptual and operational framework to assist the understanding of how SMEs in developing countries, acting in the network context, could embrace and cope with the forces of globalisation. In a similar vein, although globalisation has brought trade within reach of every country, only a small number of developing economies have managed to take advantage of the trade for development (ITC, 2008). Similarly, Tesfom and Lutz (2006) observe that a large number of SMEs from developing economies, especially in sub-Saharan Africa, have been slow to take advantages of the benefits presented by globalisation.

A large number of SMEs have not improved their operations and have not made the required investments in export competencies in terms of competitiveness. Consequently, they have suffered in terms of export performance, and have come under threat in both local and international markets. In support, Lu and Beamish (2001; 2006) argue that for SMEs from developing economies to perform and increase their international market share, they would need to develop competitive advantage strategies that would create value through products that meet and satisfy foreign customers. The nature of today's international market environment and the result of technological advances, global competition, and changing needs of consumers, competitive paradigms are continuously changing. In line with this, Ruzzier, *et al.* (2006) contend that SMEs are increasingly facing similar international problems as those of larger firms. Ibeh (2003) also supports that sustainability of SMEs competitiveness in domestic as well as global markets have come under tremendous pressure.

Globalisation, by contrast, has a potential to cause a continued threat to exporting firms that would not be able to compete in both domestic and international markets. According to Hall (2002), most SMEs are not actively involved in global business and

international activities and expose themselves to a more complex and risky business environment.

For SMEs, which are relatively less well-resourced as compared to larger firms, the situation is even more difficult. The challenges of globalisation have also affected developing countries in terms of unfair competition, unpredictable financial markets, abuse of labour and environmental degradations (Hartungi, 2006). Ghauri, *et al.* (2003), in support, posit that the integration of world economies has led to competition for SMEs in domestic markets.

Finally, consistent with these effects, the force of globalisation has exerted a profound influence on the behaviour of SME exporters in the international business environment context in terms of supply chain relationships between firms, production methods, new product development and introduction, and demand and supply conditions and regulations. In addition, knowledge and advancement in technology has exposed SMEs to new opportunities and creates new risks for SMEs in developing economies (Ibeh, 2003; Fletcher, 2004; Buckley, 2009).

2.3 Limitations of the reviewed frameworks addressed by the study

As discussed above (section 2.1), the theoretical frameworks have their limitations, however, the research questions for the study seek to address the following limitations.

Firstly, in spite of the benefits derived from network relations, the network approach has some limitations. Naldi (2008), contends that the network approach is useful in the process of SME internationalisation and to understanding the role of social and cognitive ties. The network is, however, limited by the acquisition of information and assets from the international network (McDonald, 2003). This leaves the role played by knowledge resources unexamined. Similar to the Uppsala framework (Johanson and Vahlne, 1977; Vahlne and Ivarsson, 2014), the network approach embraces a defensive view on a firm's international expansion.

Secondly, the theory of RBV does not consider the impact of the firm's external environment, particularly the role of government and industrial association on the firm's international export success. This does not take into consideration the weight of network partners' resources, which are likely to sustain the firm's export business where the SME's own capacity is exhausted or inadequate. Additionally, the theory

does not consider the importance of the external environment on the SME's international competitiveness behaviour.

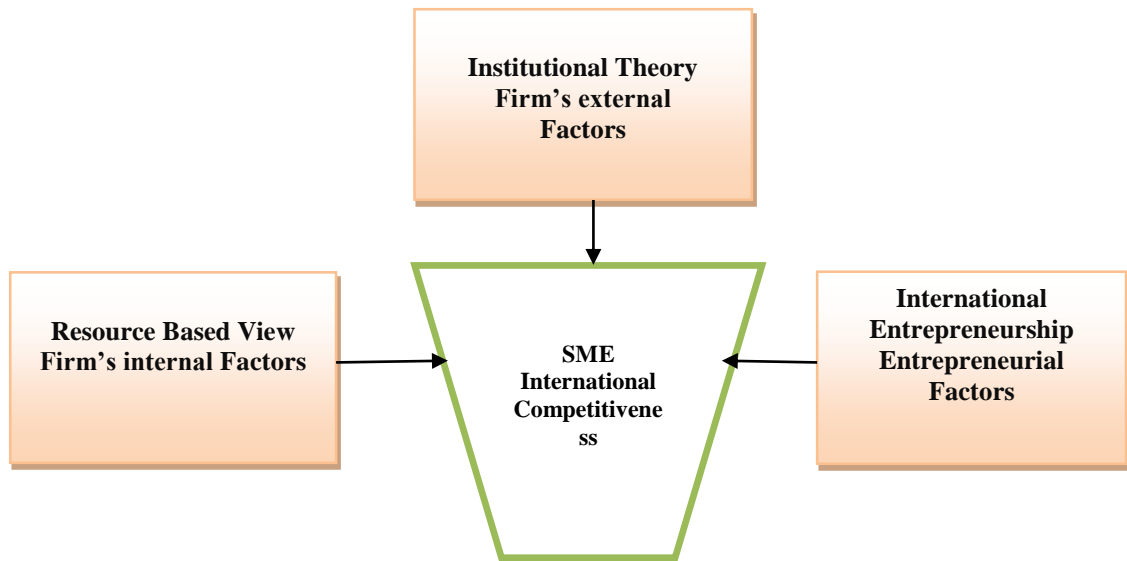
Thirdly, according to McDougall and Oviatt (2000), even though the explorative of international entrepreneurship is argued does not have a clear and unifying theoretical and methodological direction, it does however offer a robust conceptual base on which to examine other corporate behaviour related to how to engage in export business and the wider area of export entrepreneurship (Ibeh, 2003).

Following the limitations of these concepts and the theoretical frameworks, a full understanding of the objective of this study may also be limited. As indicated above, it is believed that the integration of international entrepreneurship and institutional theory to the RBV theory, and with the empirical study from Ghana, would help resolve these weaknesses and throw more light and understanding on the topic.

2.4 Initial research framework

Following the review of literature (see section 2.1), the research framework is graphically presented in figure 2.2, showing the preliminary working on a theory of the relationship between the determinants of SME international competitiveness and SME international competitiveness (also see section 4.3). The preliminary framework would be developed into an operational research framework when the research problem is defined. Figure 2.2 illustrates that SME international competitiveness is influenced by a firm's external factors (institutional theory), the internal factors (resource based view) and entrepreneurial factors (international entrepreneurship), and each of these factors influence and contribute to the SME's international competitiveness. Additional insights drawn from small business and international business literature are incorporated into the study.

Figure 2.2 Initial Framework for SME International Competitiveness Determinants, in the context of Ghana



Source: Relationship diagram developed by the researcher

2.5 Justification for the Underlying Proposed Integrated Theoretical Framework for the Study

This study will depart from that line of research where a single theoretical framework is employed to analyse SME international competitiveness behaviour (Ellis, 2011; Coviello and Munro, 1995; Moen and Servais, 2002). The study therefore draws on the perspective that the international competitiveness behaviour of SMEs suggests a complex phenomenon that cannot be fully addressed by a single theoretical framework. Hence, the study is consistent with the work of researchers Coviello and Martin (1999; 2006); Crick and Spence (2005); Rialp, *et al.* (2006); Hall and Cook (2009) who considered more than one theoretical framework and agreed a similar line of argument in their studies on the topic for consideration. These researchers also stressed that SME exporting behaviour can be fully addressed by integrating theoretical frameworks that fit to explain better than a single theoretical framework.

There is a justification for adopting more than one theoretical framework. The study above points out that all of the theories discussed have their own limitations and that combining the theories would offset the individual theoretical limitations.

In line with the previous studies of firm export competitiveness behaviour, the following researchers have used more than one theoretical framework to address the issues in the following ways:

1. Crick and Spence (2005) combined theoretical frameworks (i.e., the network theory, RBV theory and contingency theory);
2. Hall and Cook, (2009) combined two theoretical frameworks (i.e., the stage theory and RBV);
3. McAuley (1999, 2010) combined three theoretical frameworks (i.e., the stage, the network theory the FDI theories); and,
4. Coviello and Cox, (2006) combined three theoretical frameworks (i.e., international entrepreneurship theory, the network theory, and the RBV).

In this study, three alternative theoretical frameworks are considered, integrated and applied. The RBV is considered in this study to explore the factors that contribute to the determinants of SME international competitiveness because according to Ruzzier, *et al.* (2006) the export competitiveness of SMEs exists in their internal resource capacity and draws on the underpinning knowledge of RBV. Recognising the challenges associated with SME export particularly the ones from developing economies, Lu and Beamish (2001, 2006) suggest that, firms which engage in export business should develop competitive advantages that would create value through the products that would meet the demands of foreign customers. The underlying assumptions of this theory indicate that the determinants of SME export competitiveness are wholly firm's internal resources, without considering the influence of the external environment. It can also be argued that a firm with unique resources will respond positively to export competitiveness (Barney, 1991).

The proposed alternatives theoretical frameworks are a way of providing the study with a streamlined and strong line of argument. It is believed that the benefits of the integrated theoretical framework on the determinant of NTHE's international competitiveness will be more than could be achieved using more limited alternatives.

2.6 Research questions and hypotheses

Following the review of the literature so far on SMEs' internationalisation and export competitiveness, it is evident that the main concerns of developing countries, including Ghana with respect to SMEs' participation in international business, are their perceived lack of competitiveness and resource deficiencies. The literature review hints at the fact that the SMEs in such countries require their internal structures to be strengthened with help from stakeholders to meet the international competitive demands. To unravel the underpinning factors, the study seeks to address: '**To what extent are SME exporters in Ghana competitive in the export markets?**' and test the following hypotheses, with the aid of appropriate statistical techniques, to support or discard the question:

- hypothesis 1: *There is a strong relationship between innovative adoption and NTHE competitiveness;*
- hypothesis 2: *Government support for horticultural exporters has a positive influence on NTHE competitiveness;*
- hypothesis 3: *Entrepreneurial factors have significant influence on NTHE competitiveness;*
- hypothesis 4: *Firm's number of years in business positively influences NTHE competitiveness;*
- hypothesis 5: *The firm's size positively influences NTHE competitiveness and performance;* and,
- hypothesis 6: *Accessibility to finance positively affect NTHE international competitiveness.*

2.7 Summary

The chapter briefly provides a review of traditional approaches to internationalisation, namely, international PLC theory, internationalisation theory, monopolistic advantage theory, the theory of international production, transaction cost theory, stage theory and oligopolistic reaction theory. The main features of each theory and criticism have been outlined. Although these theories do not specifically address SME internationalisation and the research aim, they provide useful guidance for the study of SMEs.

This research considered that the resource based view theory, institutional theory and international entrepreneurship theory were more appropriate for SME international competitiveness. These theories provide complementary rather than distinct views on SME international competitiveness. SMEs, in practice, do not follow the traditional models presented in this chapter.

Having reviewed the models in this chapter, the key approach to identify the determinants of SMEs' international competitiveness, is to consider the combination of the resource based view, institutional theory and international entrepreneurship to address the research aim.

CHAPTER THREE: GHANA'S EXPORT TRADE ENVIRONMENT

3.0 Introduction

This chapter examines the non-traditional export (NTE) trade environment in Ghana. It presents the contextual background to the study, Ghana's economy and its export sector, by focusing on developments in the NTE sector. The chapter also reviews the current export trade environment and the key opportunities and challenges it presents to non-traditional horticultural SME exporters (NTHes). The roles of selected global trade institutions are described and finally, some key export markets for NTHE products are presented.

3.1 Export trade policy framework for SMEs

According to MOTI (2011, 2014), the fundamental principle underpinning Ghana's international trade policy is the government's efforts in providing business with a trade-enabling environment which encourages private sector initiatives. The government realises that the private sector is the engine of the country's economic growth. The multilateral trading system in Ghana aided the country in its membership application to the General Agreement on Tariffs and Trade (GATT) in October 1957, after the country's independence in March that year. Ghana also became a founding member of the WTO in 1995. Due to the challenges facing the supply-side in Ghana, however, the country has not been able to take significant advantage of the market access opportunities presented by the multilateral trading system (WTO, 2014).

Since 2004, the purpose of Ghana's trade policy has been that the country should steadily become involved in international trade. To achieve this, the country has had to strengthen and diversify its export base and to encourage agricultural processing. To protect the economy against external shocks, the government's external sector policy has concentrated on strengthening the international reserves to sufficiently high levels (MOTI, 2012). Furthermore, the country's international trade policy remained aimed at improving international competitiveness and gaining international market access. Ghana envisions a diversification of the export base and trade-led industrialisation through gas and oil exports, and selected farm products such as mangoes, papaya, pineapples, sheabutter and palm oil for niche markets whilst building strategic trade partnerships in these markets.

The attention remains focused on the non-oil sector of the economy, especially micro, small and medium enterprises, agriculture, mining and manufacturing sectors, which hitherto, according to MOFEP (2011), have been a pillar and support of the economy of Ghana. The multilateral trade policy of the country states that the government of Ghana would continue to participate fully in multilateral, regional and bilateral trade negotiations (WTO, 2014).

3.2 Export diversification

In accordance with the World Bank (2006); and World Bank (2014) report, the major concern of many sub Saharan Africa economies have been to ensure that market liberalisation, export-orientated industrialisation and export diversification strategies are the main approach to help keep up with the unstable global market environment.

In response to the dynamic changes in the areas of the global food chain, market liberalisation and the weak terms of trade for traditional major commodity exports from developing economies, it is believed that export diversification and export-orientated industrialisation strategies have become very necessary in many sub-Saharan African economies, Ghana included.

Since independence, Ghana has depended on traditional exports such as cocoa, unprocessed gold and other minerals, logs and lumber, as the key source of export revenue. These commodities have been the major sources of the country's foreign exchange. Ghana is endowed with natural resources and is primarily an export-led country having about twice the *per capita* output of poorer economies like Burkina Faso, in West Africa (Thomi, 2001; World Bank, 2014). Ghana, however, still depends heavily on international technical and financial support.

Diversification became more relevant for the Ghanaian economy in the 1970s, when the country's traditional exports decreased in volume as a result of domestic economic mismanagement and constraints relating to export.

According to Addo and Marshall (2000), Ghana governments until 1983 had not recognised the importance of export diversification in economic development.

The economy of Ghana persistently suffered from balance of trade deficits and had been supported by donor inflows for developmental expenditure. The persistence of a

trade deficit led to the evolution of an export diversification policy in the 1980s. Ghana, with the collaboration of the International Monetary Fund (IMF), introduced an Economic Recovery Programme (ERP) which was to be achieved through structural adjustment.

In 1984, the economy of the country, as part of the Economic Recovery Programme, was opened for international trade and has been involved in international trade. The ERP aimed at the development and promotion of NTEs while the country's traditional export sector competitiveness was maintained. The NTE export sector mentioned above refers to the produce which, before the ERP was introduced, was not considered to have any significant export value. These included horticultural products such: as papayas, mangoes, pineapples, various vegetables and condiments; cashews, yams and sheabutter; fish and sea foods; and wildlife products.

The NTE sector contributed about 17% of the total foreign exchange earnings (see table 3.1). The traditional subsectors contributed the remaining 83% percent of the total earnings. According to the GEPA (2014) report, horticultural products, particularly pineapples, represented about 40% of horticultural non-traditional export, making it the leading contributor to agricultural NTEs export earnings in Ghana.

Towards the end of the primary period of the ERP in 1986 and the SAP (1983–1986), the aggregate income from NTEs increased to US\$23.8 million – representing 3.2% of that year's aggregate profit. This increased to US\$62.34 million or 7.0% of the aggregate income in 1990 (Kastner, 2005). The initial increment in the export contribution resulted in a considerable confidence in the economy in the country. Thus, taking into account a study together attempted in 1997 by the Ghana government and the United States Agency for International Development (USAID), it was anticipated that Ghana's export would need to develop to about US\$16.3 billion by 2020 if the middle income status objective was to be achieved. It was assessed that approximately US\$11.9 billion of this sum would originate from NTE (non-traditional export, especially manufacturing exports) which would stand for 73% of the aggregate required earnings (Kastner, 2005). From the 1980s, different export led policies have been introduced and implemented by the Ghana government aiming to increase non-traditional exports in order to attain its desired middle income status for its citizens.

3.3 SME exports and economic development

The OECD (2007) study on SMEs indicates that SMEs perform a vital role in the economies of both developed and developing economies. Senik, *et al.* (2011) also affirm that sources of economic growth, employment, innovation, and social integrity are dependent mainly on SMEs. According to OECD (2000) report and De Kok, *et al.* (2011) it has been revealed that SMEs represent over 95% of firms and constitute about 70% of employment in OECD economies. Ayyagari, *et al.* (2011), drawing from different data sets, also argue and emphasise that SMEs constitute 51% to employment in low income economies and 38% in upper-middle income economies. For instance, in the least developed countries (LDCs), such as Niger and Mauritania SMEs, in terms of employment, contribute 83% and 78% respectively (Ayyagari, *et al.*, 2011). In Ghana, the situation is no different from other African countries. Kuffour (2008) and Abor and Quartey (2010) found that SMEs in Ghana make a significant contribution to the economy by providing about 80% of employment and account for around 90% of businesses. Similarly, Fjose, *et al.* (2010) consider SMEs as essential and also a source of industrial development in sub-Saharan African economies. The sub-Saharan African region has already lost its small share of global exports (UNCTAD, 2010). King, *et al.* (2010) further contend that even though sub-Saharan Africa constitutes about 12% of the world population the contribution of the region to the world's total exports is, however, less than 1%.

According to Harrison and Gibson (2006), the major challenges and constraints confronting SMEs in sub-Saharan Africa and Africa in general which limit their competitiveness and performance in international markets, are the failure, on the part of owner managers of small businesses, to match their products with the demands of the foreign markets, and the owner managers' limited level of international orientation.

Mensah (2012, 2004) has attributed the situation to the lack of access to finance, international marketing experience, weak international managerial skills and the use of technologies.

International business/export has proved to be an important engine of development and the means of reducing poverty through wealth creation, spurring economic growth, jobs and entrepreneurial opportunities (McCulloch, *et al.*, 2001; ITC, 2010).

The World Trade Organization (WTO) (2003) study of Africa indicated that international business allows a country to exploit comparative advantage and extend the local market, allowing producers to leverage its economies of scale, which would increase the producers' income levels and the efficiency in the allocation of resources.

According to Koksai and Kettaneh (2011), export has become a significant internationalisation strategy for national economies and individual companies. In support, Lages and Montgomery (2004) and GEPA (2005) contend that export activity is crucial because it impacts the amount of foreign exchange reserves as well as the level of imports a country can afford, while enhancing societal prosperity and helping national development. According to the World Bank (2006) report, in the past twenty years, developing economies that have improved their integration into the world economy have achieved higher growth in incomes.

In 2004, the UNCTAD study conducted in the least developed countries revealed that to make important in-roads into reducing poverty and to develop the economies, a country's annual real export growth rate must exceed 5%. To achieve this growth rate, developing countries need to radically develop their export sectors, as they lack the capacity needed to produce competitive goods in terms of quality, price and quantity, and have limited knowledge and bargaining power within the rules-based trading regime (UNCTAD, 2004). According to Albaum, *et al.* (2011) the international market environment has become increasingly unsettled together with the impact of globalisation, which have increased market threats and also present important international marketing opportunities for firms. The challenges confronting makers of export promotion policies especially in developing economies whose exports are mostly dependent on commodities are to develop more effective ways of improving the capability of export firms (Ibeh, 2003; Tesfom and Lutz, 2006).

3.4 Non-traditional export sector

The World Bank report (2007) described Ghana as a small open economy. The report further contends that Ghana's export sector consists of two broad-based categories, namely, the traditional export sector defined by the Export and Import Act of 1995/Act 503, as e.g., logs and lumber; cocoa beans; raw minerals; gold; bauxite; magnesium; and electricity and the NTE sector, consisting of all other export products including services.

Currently, there are nearly 400 different non-traditional products in Ghana, categorised into three subdivisions: Handicrafts, Agricultural and Processed/Semi-Processed (GEPA, 2009, 2014). The export trade sector is important to the economy, as revenue projections and development plans are always dependent on the projected earnings from exports (ISSER, 2009). Consequently, the government of Ghana continues to pursue an export-led economic development programme with a strategic focus on poverty reduction, employment generation and wealth creation (MOFEP, 2010).

Horticultural export products are becoming increasingly common in developing economies as a source of non-traditional export commodities in both domestic and international markets. Diop and Jaffe, (2005) advocate that the demands for fruits and vegetables have led to niche markets for African countries to produce these crops for export at attractive prices. These products are not, however, excluded from the challenges in the international market as they relate to traditional commodities.

In Ghana, horticulture produce, collectively, is one of the largest categories of the non-traditional exports sector (GEPA, 2013). The horticulture industry in Ghana currently has appeared as a vital sector of the economy following the diversification of the country's export base (Whitfield, 2011). In the 2003 export year, the Ghanaian horticultural export sector was, however, subjected to a severe upheaval and then stagnated because industry actors could not respond quickly and competitively to shifts in European markets. These are the economic challenges to export diversification. In contrast, the ERP in the 1980s improved the development of the economy. This implies that the private sector, particularly regarding non-traditional exports, is to play a leading role in the development of the country. Whitfield (2011) suggests that SMEs in Ghana must ensure effective and quality management efforts to enhance their competitiveness.

Furthermore, technological advancement challenges SMEs to tap into the advantages that come with the digital phenomenon. As a result, many SMEs from developing economies, particularly sub-Saharan African countries, are concerned about the weaknesses in terms of technological and infrastructural development. Some emerging countries have managed to take advantage by ensuring collaboration between the

governments and businesses to turn these developments into advantages for firms (Enz, 2008; Abor and Quartey, 2010).

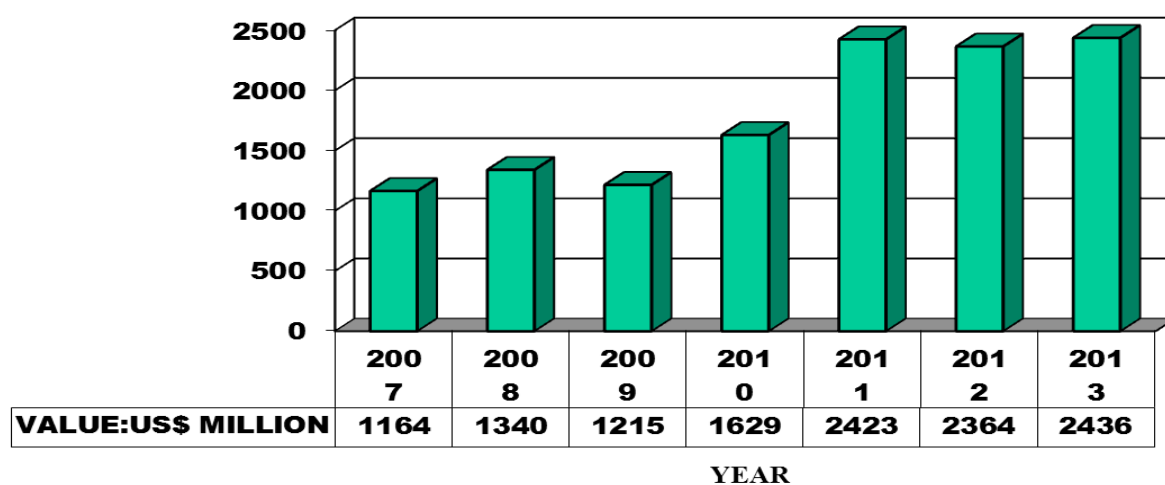
From 2007 to 2013 (see table 3.1, figure 3.1 and 3.2), the sector grew steadily except for 2009 and 2012. In 2009, the sector was affected by the global economic meltdown, which caused the country's earnings to decrease to 9.33% from US\$1.340 billion in 2008 to US\$1.215 billion in 2009. In 2010 and 2011, earnings from the sector increased by 34.1% (2010) and 48.74% (2011) which amounted to US\$1.629 billion and US\$2.423 billion respectively. In 2012, there was a drop in earnings by 2.24% to US\$2.364 billion. The NTE sector also contributed at least 17% each year to the total exports in all those years (see table 3.1). The NTE sector's contribution to the total exports did, however, see a decline from 2009 (29.11%) to 2013 (17.20%). What is interesting here is the fact that, at the same time (2009 to 2013), there was a yearly increase of total exports.

Table 3.1 Percentage of NTEs to total exports 2007–2013

	2007 US\$ Million	2008 US\$ Million	2009 US\$ Million	2010 US\$ Million	2011 US\$ Million	2012 US\$ Million	2013 US\$ Million
Total Exports	4,194.72	5,206.55	4,174.16	5,822.23	12,785.41	13,541.4	14,158.8
NTE	1,164.51	1,340.94	1,215.04	1,629.20	2,423.34	2,364.39	2,436.20
% Contribution of NTE to Total Exports	27.76	25.75	29.11	27.98	18.95	17.46	17.20

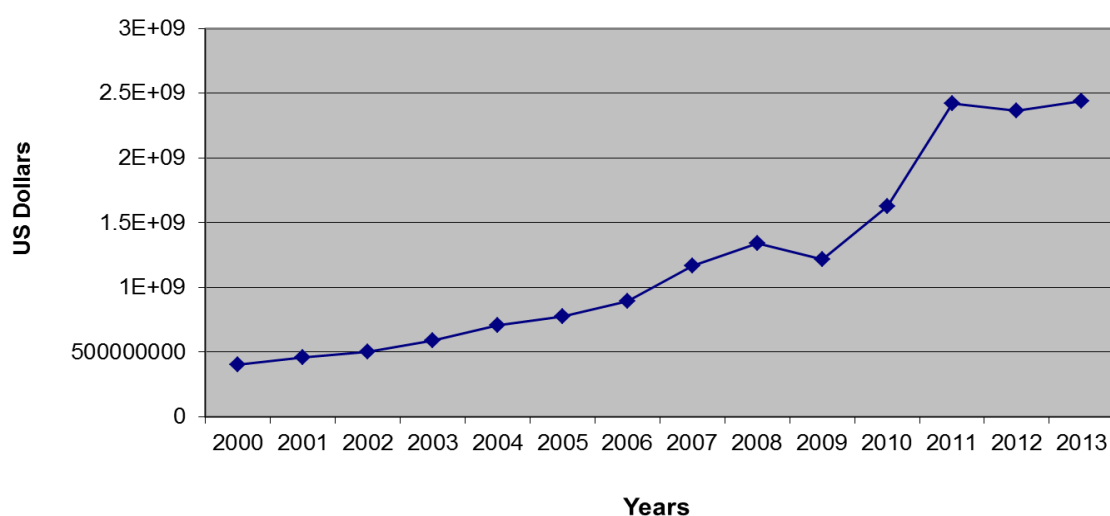
Source: Ghana Export Promotion Authority (2013)

Figure 3.1 Non-traditional export sector 2007-2013



Source: Ghana Export Promotion Authority (2014)

Figure 3.2 Trend in total non-traditional export earnings 2000-2013



Source: Ghana Export Promotion Authority (2014)

3.4.1 Non-traditional SME exporters

About 90% of NTE exporters in Ghana are SMEs (GEPA, 2014). According to Addo and Marshall (2000), although SME exporters receive support from the government and trade support agencies, they are not impervious to and are heavily affected by the international trade challenges such as falling prices, manufacturing of synthetic substitutes, worsening terms of trade and dumping of cheap exports on the markets of developing economies that traditional exporters have been exposed to. SME exporters

in Ghana are beset with several problems including poor marketing practices, problems in communicating with foreign clients, high banking charges, poor institutional assistance, management problems, poor access to credit, high interest rates, and low exporter friendliness by banks (Mmieh et al., 2012; Owusu-Frimpong and Martins, 2010; Owusu-Frimpong and Mmieh, 2007). Analysis of corporate-size enterprises reveals that about 70% of the annual NTE earnings for Ghana are contributed by less than 20% of the nearly 3,000 registered exporters. Only a few firms have a turnover of over US\$1 million. The majority of exporters have annual turnovers of less than US\$50,000 (GEPA, 2005). Owusu-Frimpong and Mmieh (2007) discovered that only 31% of SME exporters had a turnover of above US\$1 million, with over 50% of them operating without formal planning procedures or a set of objectives, generally lacking the marketing resources and expertise available to larger organisations. Although there are about 3,000 SME exporters registered with the GEPA, just under 1,000 to 1,300 are active year-in-year-out (GEPA, 2010).

Not all SME exporters are registered with the GEPA, and there is a suspicion that unregistered exporters may even outnumber those registered. There has been an administrative directive from MOTI since 1990 requiring all exporters to register with the GEPA. Enforcement does, however, pose a challenge as this directive is not backed by legislation. Consequently, it is difficult to capture data on all exporters including many of the itinerant and cross-border exporters between Ghana and the neighbouring countries, and equally difficult to enforce traceability protocols. Through Ghana Community Network Services Ltd's (GCNet) goods tracking system of CEPS, it is known that many more exporters carry out exports independently of the GEPA. Most of the complaints about poor quality exported goods relate to products of exporters not registered with the GEPA (GEPA, 2009).

3.4.2 Non-traditional exports compared to total national exports

It can be observed from table 3.1 that Ghana's total exports amounted to US\$14.158 billion, an increase of 4.55% over the earnings of 2012. In recent years, Ghana's total national exports have grown steadily. In 2009, however, the sector experienced a dip as a result of the global economic crisis (US\$4.174 billion in 2009 compared to US\$5.206 billion in 2008 – Bank of Ghana budget statement, 2013). In 2010, exports

increased to US\$5.822 billion. In 2011, there was a major increase of about 119.60% to US\$12.785 billion and again an increase of 5.91% to US\$13.541 billion in 2012.

With regards again to NTE contribution to national total exports, the performance of NTEs relative to total exports from 2007 to 2013 is shown in table 3.1. In terms of percentage contribution to total exports in the last seven years, NTE has not been consistent. The drops in contribution of NTEs to total exports in 2011, 2012 and 2013 were due primarily to the drop in non-traditional products such as cocoa paste, canned tuna and cashew nut exports, which contributed to the fall in NTEs over that period (GEPA, 2012). On average, the NTE sector has only contributed 23.5% in the period 2007 to 2013, indicating Ghana's over-dependence on traditional exports and the vulnerability of the country's export earnings.

Table 3.2 below shows the actual earnings of the selected non-traditional horticultural products of the study over the given period.

Table 3.2 Selected Horticultural Products Exports 2006–2012

Year	Mango	Pineapple	Banana	Papaya
	Value (\$)	Value (\$)	Value (\$)	Value (\$)
2006	83,207	19,086,134	10,330,404	936,536
2007	998,155	13,474,551	9,965,075	1,020,250
2008	521,826	11,842,250	12,717,079	334,453
2009	234,950	10,628,229	11,589,533	545,600
2010	230,431	13,554,621	15,532,998	64,201,795
2011	2,329,556	16,972,432	15,357,367	63,761,395
2012	2,688,654	16,815,539	15,317,326	136,422

Source: Ghana Export Promotion Authority (2012)

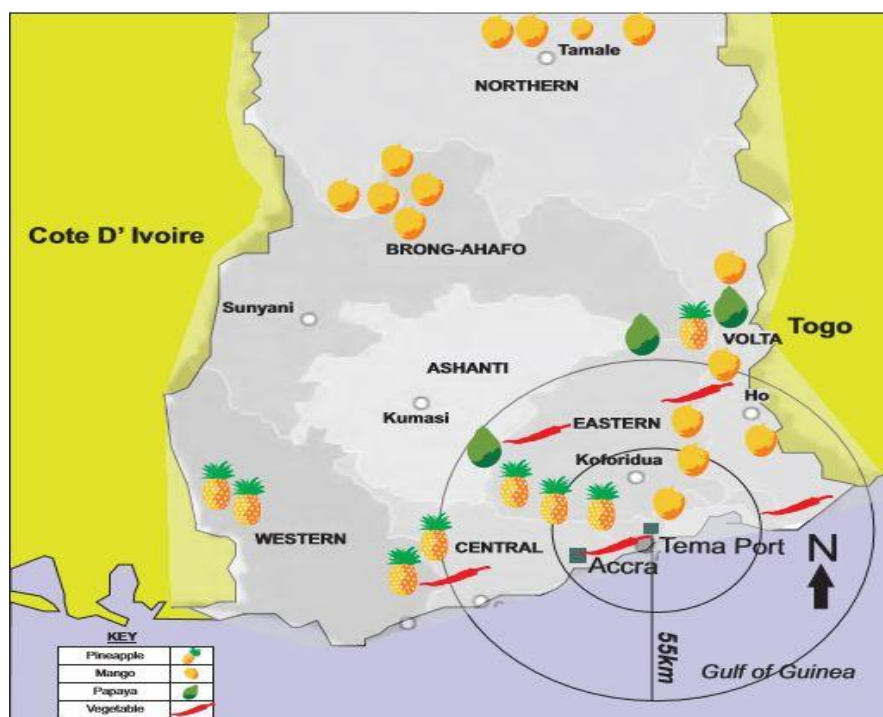
3.5 Horticultural export industry

The GEPA (2002, 2015) report revealed that around 15% of the Ghanaian population depend on horticultural export related production and/or marketing for their livelihood. Large quantities of non-traditional exports of horticultural output, for example frozen fish and sea foods, are, however, produced by SMEs, for whom it represents a vital source of cash income. Central and Greater Accra regions of Ghana are noted for the supply of export fruits and vegetables, and export fruits of significant

export importance such as pineapples, mangoes, papayas, chillies and okra are mostly found within southern Ghana. The study fundamentally focuses, however, on mangoes, bananas, pineapples, papayas, and vegetables, the key export products with current notable export importance and clearly recognisable smallholders within the production and marketing chain.

Greater Accra, Central and Tema metropolises have been selected for a case study zone for pineapple, mango, papaya and vegetable production because most of the farms and offices are located in these three areas (see figure 3.3). The sampled SMEs in these three areas lie within an area of 23km from the capital city, giving them easy transport accessibility to the national airport and the two major seaports in the country, i.e., Accra and Tema. Moreover, their closeness to the capital city also clarifies the high level of agricultural commercialisation in these zones. In this way, there are solid backward and forward connections between employment opportunities, agricultural growth and the demand for goods and services emerging from both on-farm and off-farm enterprises. These signify strong differences in terms of the agricultural potential within identified agro-climatic zones in the country.

Figure 3.3 Horticultural growing areas in Ghana



Source: Adapted from Ghana Exporters Directory (2013)

3.6 Government support for the NTE sector

In Ghana there are several programmes and policies adopted by governmental organisations, private-sector and non-governmental organisations working to promote non-traditional exports. These are increasingly becoming an important force in promoting SMEs' international business. According to Olugbenga, *et al.* (1996), export growth has a positive impact on economic growth in developing economies. A study on 12 sub-Saharan African countries indicates that it is possible to stimulate economic growth through a strategy of expansion.

According to Gencturk and Kotabe (2001) and the World Bank (2001), the tasks of EPAs – such as facilitation of business development and export activities, advising government on the required initiatives as well as policies to encourage investment and support in the country, promoting investment opportunities in the country to target investors worldwide – vary from country to country.

In a bid to promote exports, particularly non-traditional exports, the government of Ghana has, therefore, implemented a number of policies and strategies through export promotion agencies to assist non-traditional SMEs that are active in exports and those who are new in the export business. This study is to assess how effective the support of the government and EPAs are through their offer of assistance to non-traditional horticultural SME exporters (NTHE).

The key players in the NTE sector relevant to this research are briefly described below.

3.6.1 Role of export facilitating institutions

Various facilitators have played a diverse role in Ghana in promoting non-traditional horticultural SMEs' international export by providing different services, including offering services such as training, finance and market information (see table 3.3).

The facilitating institutions also include donor agencies such as the Africa Development Bank and UNIDO. These international donors facilitate the provision of services such as finance, managerial training and information on international market opportunities.

According to Mmieh *et al.*, (2012) and Berry (2002, 1997) non-traditional horticultural SMEs were found to rely on state-backed export facilitating bodies and donor

agencies. State-backed bodies such as the Ghana Export Promotion Authority, National Board for Small Scale Industries (NBSSI) and other agencies provided services to exporters and therefore illustrated the importance of the roles these agencies played for exporters. Donor agencies such as the African Development Bank, World Bank and Danish Development Agency and others were also found to facilitate non-traditional exports in Ghana, thus confirming the role of donor agencies in export facilitation (OECD, 2000).

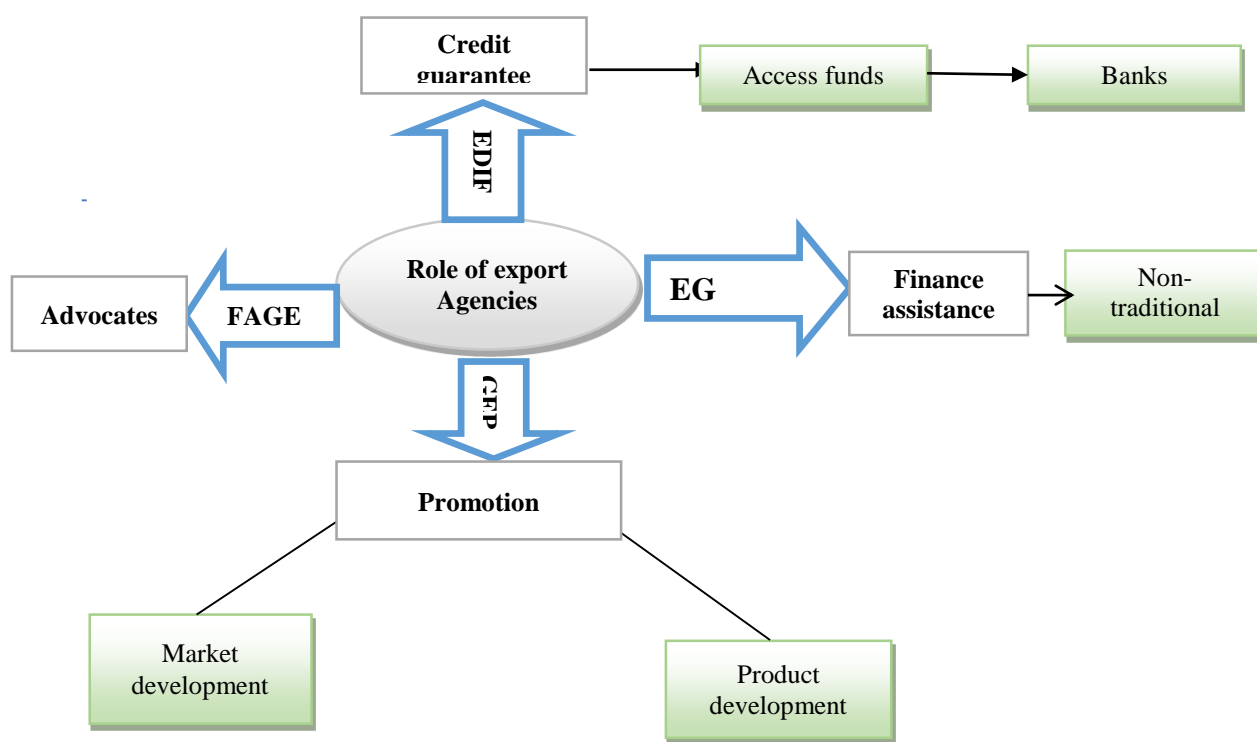
Table 3.3 Summary of services provided by export facilitators to horticultural SME exporters

Export Facilitator	Services Provided to Horticultural Exporters
The Ministry of Trade and Industry (MOTI)	Provides policy directions for Ghana exporters and industrial trade Finances SMEs in trade fairs both locally and abroad.
The Ministry of Food and Agriculture (MOFA)	Ensures that sufficient agricultural products required for export and industrial processing provided. Facilitate the activities of exporters
The Ghana Export Promotion Authority (GEPA)	Provides relevant and timely export trade information, dissemination of research findings and related trading, capacity building and consulting on export management.
Federation Association of Ghana Exporters (FAGE)	Advocacy at highest government level Provides essential services required for successful exporters.
Export Development and Investment (EDIF)	Facilitates access to trade for non-traditional exporters
EximGuaranty Company Limited	Induce increase flow of credit to exporters, producers and export growth
Donor Community (World Bank, AfDB, MCA)	Fund projects provide export financing to selected enterprises Assist farmers and operators to improve their productivity and income (e.g. MIDA, TIPCEE)

Source: compiled by the researcher based on literature

Figure 3.5 illustrates the individual export promotion agencies and their roles in the non-traditional export sector.

Figure 3.5 Key roles of export promotion agencies



Source: Developed by the researcher based on NTHE sector

3.6.2 Existing strategies for policy makers and SMEs in Ghana

The non-traditional horticultural SME exporters (NTHE) sector continues to be driven by value added to the exported products. The full potential of these value-added products have not, however, been achieved. Efforts must, therefore, be made to gain competitive advantage levels through value-added and enhanced investments in the industry. This will help to improve the competitiveness of the exported products. The Government of Ghana in August 2013, unveiled the National Export Strategy which aimed at improving the level of export earnings from the non-traditional export sector to US\$5 billion by the year 2017. The strategy took-off in 2014 and at the end of that (first) year, the industry was expected to yield US\$3.1 billion, about 30% above the earnings of 2013 US\$2.436 billion (GEPA, 2014).

To ensure that the target and achievement of US\$5 billion in 2017 are met, there must be an aggressive implementation of GEPA activities and programmes as well as the execution of the various projects lined up in the National Export Strategy by GEPA in collaboration with other key export stakeholders.

The Government of Ghana is working towards the realisation of good macro-economic conditions such as the stabilization of the Cedi to the Dollar and other currencies, the reduction in inflation, amongst other things and making funds available to the sector and to key export trade facilitating agencies such as GEPA to enable them help the private sector to drive the expected increases in NTE proceeds this year and beyond. The Export Trade, Financial Institutions (independent, as well as public) continues with its expansion of credit facilities to export facilitating institutions and exporters to assist them to carry out their activities aimed at raising the earnings of the sector.

3.6.3 Government ministries

The Ministry of Trade and Industry (MOTI) is responsible for the formulation and implementation of policies for the promotion, growth and development of domestic and global exchange trade and industry (MOTI, 2012). The ministry is the main advisor to government on private-sector development, trade and industries. The purpose of this ministry is to develop an effervescent liberalized, technology driven, competitive trade and industrial sector that would grow the economic and encourage employment creation, especially mass mobilization of rural communities and other vulnerable groups including women. The ministry is the support for the private sector within government and guarantees that Ghana derives maximum advantage from global exchange relations and also that the local trade is performed in an orderly manner. In addition, MOTI is also responsible for strengthening trade relations with all WTO member countries on a most favoured nation basis in line with Ghana's membership of the WTO (WTO, 2014).

The government of Ghana through MOTI has instituted various support-mechanisms to develop the NTE sector. The Ghana Free Zones Board, which was set up by the Free Zones Acts 504 (1995) under the free zone scheme is to facilitate, monitor, promote and regulate investments. The programme is also aimed at promoting the manufacturing of goods and processing of NTEs in Ghana for export and through the

creation of Export Processing Zones as well as Industrial Parks. As part of the programme, on the 4th of October, 2000, EDIF was formed by Act 582 to lead and offer financial resources for promotion and expansion of Ghana's export trade. MOTI was tasked to review the execution of the duty exemption to guarantee that local industries were not deprived.

The ministry, in collaboration with the Japanese International Co-operation Agency (JICA) started the development and promotion of non-traditional products under groupings of e.g., garments, citrus, sheabutter, oil palm and foundry industries. In the oil palm sector, four communities benefited from the programme, on quality improvement, productivity and business competitiveness enhancement (MOTI, 2012). For SME reference material and operational development, MOTI in partnership with JICA, published a book entitled '*SME Toolbox*' for potential small scale entrepreneurs (GEPA, 2009).

From the perspective of craft industries likely to contribute essentially to NTE total income, the creating of employment as well as productivity (which may prompt wealth creation and decreases poverty), MOTI supports the industry through promotion and developmental strategies. For instance, MOTI has secured a GH¢850,000 grant from EDIF to begin the improvement and expansion of a programme for the craft village Aburi and in 2010 also planned the expansion of the Abrafo craft village in the central region of Ghana. Six other craft villages (Salaga, Ahwiaa, Kpando, Odumasi, Bompata and Kpetoe) which were also being considered for infrastructural development financing became accessible (MOTI, 2010).

According to the MOTI (2011, 2014, and 2015) report, the government of Ghana has set up a national export strategy with the aim of expanding the nation's export competitiveness and to enhance the regulatory structure for export businesses. To address the concerns of food importers to the European Union (EU), the government has established an audit with a specific end goal to reinforce the regulatory structure for food export. The audit review together with the National Traceability Programme being implemented by GEPC would greatly support exporters and producers to supply large grocery stores in the EU and other western markets.

Additional efforts were being made to address the supply-side limitations and low quality which exporters and producers are confronted with, and the establishment of a Ghana International Trade Commission by 2013 (MOTI, 2011).

The Ministry of Food and Agriculture (MOFA) is in charge of developing and implementing policies as well as strategies for the agricultural sector in Ghana. MOFA manages and co-ordinates projects to make sure that the objectives are achieved together with the allocation of resources, and supervises the general specialists that oversee the implementation of the projects, and report to sponsors such as financing organisation like UFDP.

Apart from the duties stated above, the Ministry also ensures that the country's food and nutritional needs are met. They are also responsible for providing the required agricultural products for export and industrial processing.

For this reason, under the Food and Agriculture Sector Development Policy (FASDEP) programme, MOFA has introduced a system in horticultural export development and further ensure that sufficient agro-based raw materials are accessible to the industries for processing. According to (FASDEP II 2007) the programme has made headway in terms of implementation. Substantial work is still required in the area of value chain infrastructure development.

3.6.4 EPAs in NTE SMEs

The Ghana Export Promotion Authority (GEPA) was established by the National Liberation Council Decree (NLCD) 369 in 1969 to develop and promote made-in-Ghana goods and services in strategic export markets. This is an agency of the Ministry of Trade and Industry with the purpose of taking a leading role in developing a dominant and sustained market position for Ghanaian NTEs. It also exists to build internal systems and strategic external networks to develop Ghana's NTEs throughout the value chain. The attention of GEPA has predominantly been to diversify Ghana's export base from the traditional export products. To this end, GEPA has set up specific goals and objectives as follows:

- to contributes to economic growth through increased and sustainable production and competitive export market access;

- to ensure the promotion of NTEs from Ghana facilitate the development and expansion of the production base;
- to support the competitiveness of Ghanaian exporters and other stakeholders and provide the relevant trade information;
- to ensure institutional capacity building of exporters to meet the global market challenges; and,
- to provide a co-ordinated national export agenda through the harmonisation of export-related activities by public sector and private agencies and other development partners.

GEPA has a clientele base of over 3,000 registered individual export firms organised into Export and Product Associations. Of these mass exporters, the majority are individual exporters, and less than a thousand are active exporters (GEPA, 2010). Since the establishment of GEPA, a number of restructuring projects have been undertaken to mobilise and motivate private sector enterprises in the export sector. GEPA co-ordinates the various public sector and non-governmental agencies carrying out advocacy services and involved in trade facilitation, for firms involved in exports. They organise market/trade missions, export for contact promotion programmes, trade fairs as well as exhibitions, conferences, seller and buyer meetings and group-marketing schemes with the aim of penetrating the competitive international market. GEPA works to improve supply-side constraints of SME exporters through establishing export production village schemes, organise production and supply schemes, and technical advisory services to enable market and product development and supply-chain management. They are part of the trade capacity development through the training of personnel of export facilitating institutions and the exporters to improve their skills in export marketing. They also run an export school that organises market, product and trade development courses for exporters, EPAs and other businesses in the industry. GEPA (2011) works with the GCNet and the Customs, Excise and Preventive Service (CEPS) to improve documentation and data collection on NTEs.

The Federation of Associations of Ghanaian Exporters (FAGE) was established in April 1992 to address the need for a solid, integrated and credible association to provide advocacy for the private sector in exports. FAGE, which was registered as a

company limited by guarantee under the Companies Code of Ghana (Act 179, 1963), functions as a not-for-profit organisation. FAGE was established as a result of the efforts of some export and product associations with the support from USAID, the government of Ghana, MOFEP, MOTI, and GEPA.

The aim of FAGE is to create partnerships for export growth in Ghana and its mission is to promote NTEs through capacity building, advocacy, market and product expansion services, export development and to facilitate access to finance. The main purpose of FAGE is to be the leading provider of technical as well as information services to enable transactions between local firms and their global partners. FAGE has a membership of over 2,500 export firms in different sectors (e.g., seafood, timber, agriculture, crafts, textiles, minerals, and industrial materials). FAGE has a mandate to support the growth of the private sector particularly NTEs, through the provision of business portfolio solutions which are focused on four major areas: market and trade information, advocacy, training and integrated export development programmes (FAGE, 2010).

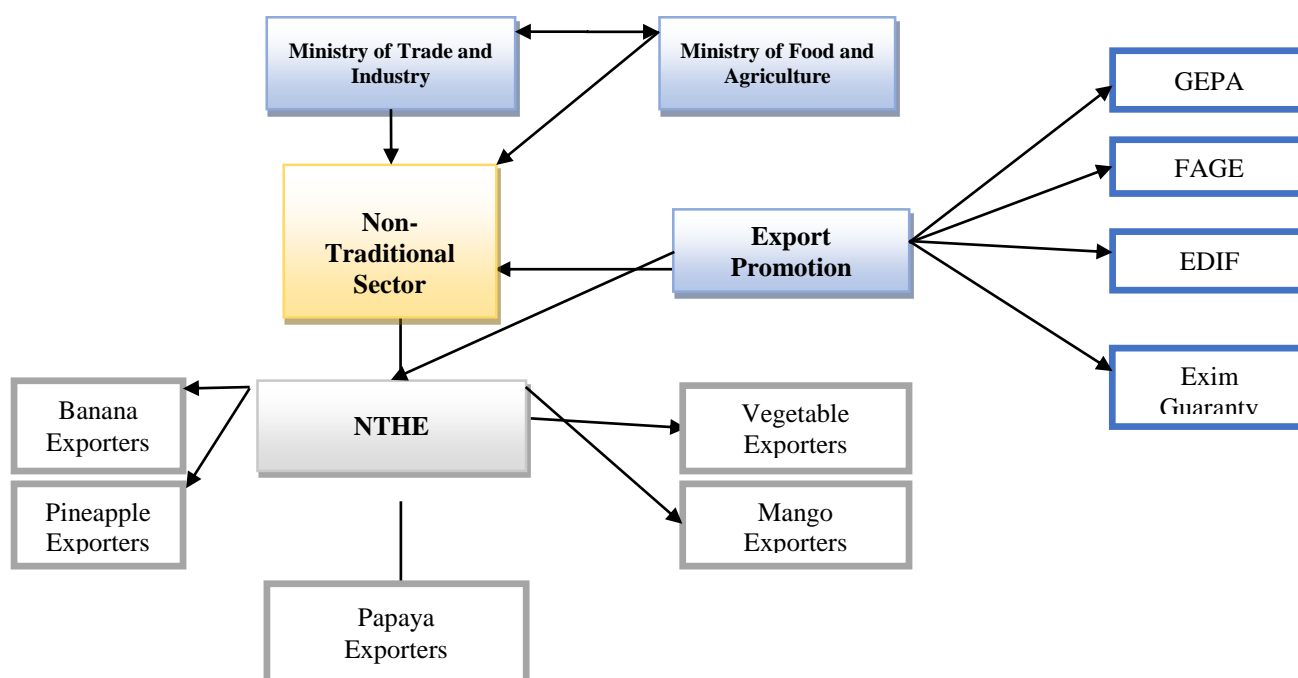
As part of the sector development and promotion of Ghana's export trade, the Export Development and Investment Fund (EDIF) was formed by Act 582 of 4th October 2000 to assist and offer financial support to the NTEs.

Basically, the purpose of EDIF is to promote, develop and finance Ghana's NTEs on concessionary terms that would promote the development and prosperity of export firms, enhance export competitiveness and enable the export sector to contribute towards the development and economic growth of Ghana.

There are two main fund facilities which are accessible to applicants for financing, in particular the Export Development and Promotion Facility as well as the Credit Facility. EDIF finance activities including capacity building, market research and development of infrastructure, product development and promotion, and export trade-orientated activities of institutions. The main attraction of the services is the low interest rate on their loans. Qualified applicants include organisations, institutions and trade associations in both the public and private sectors which provide services to the export sector. The EDIF is funded under a statutory 0.5% fee on all non-petroleum imports. The EDIF credit facility works with 18 assigned financial institutions. These

institutions get credit applications from prospective borrowers and submit them, together with their assessment and recommendations, to the EDIF board. Sheabutter, cocoa powder, canned tuna, vegetable oil and handicrafts are the main products that are financed under EDIF's credit facility (EDIF, 2008).

Figure 3.6 An operational model for non-traditional sector in Ghana



Source: Developed by researcher based on relationships among NTHE sector actors

3.7 Challenges confronting the NTE sector

GEPC has outlined a myriad of challenges confronting the NTE sector as follows (GEPC, 2009).

- Institutional problems, where there is a multiplicity of institutions involved in export development, with no clear central co-ordination resulting in overlapping, often duplicating institutional mandates.
- Weak supply base, where predominantly small scale production units exist with a wide geographic spread; weak, obsolete production infrastructure; inadequate quality management systems and infrastructure; uncoordinated export-orientated research and product development.

- Uncompetitive production environment with the high cost of production leading to relatively high export prices; bureaucratic processing of business transactions; relatively low efficiency of production; low capacity utilisation; low level of e-business practice.
- Market access: tariff and non-tariff barriers to entry into export markets; inadequate knowledge of export markets requirements; inability to meet high levels of developed country market requirements; inadequate information on export market opportunities; lack of clear market entry strategies; lack of clear demarcation in respect of targeted segmented export markets.
- Production and marketing infrastructure: inadequate local infrastructure for production and assembly, handling, storage and transport; inadequate communication facilities; lack of integration of supply-chain infrastructure into export markets; low level of international marketing knowledge; and,
- Finance: lack of adequate access to both short term and long-term credit; limited scope of available financing instruments; cumbersome procedures and requirements for accessing finance.

The export trade environment poses explicit challenges to developing countries and their small exporters as previously mentioned. Ruzzier, *et al.* (2006) state that as a result of the current nature of the marketplace, SMEs are gradually facing similar international challenges as those of large firms. The following sub-sections outline some of the challenges.

3.7.1 External competition

Buckley (2009) asserts that, over the last few years, globalisation processes and trade liberalisation have significantly impacted customers in terms of expectations and competition between companies.

Competition and globalisation have intensified interdependence between the economies of the nations in the world market. According to Hartungi (2006), the economic growth of developing economies are not determined just by domestic policies and market conditions, they are impacted by both domestic and global policies established by the global community.

As obstacles to globalisation continue to weaken and strong internationalisation of production and marketing persist to flourish in the world, businesses in the developing countries should understand that competing in the global markets are not a choice, but an economic reality (Rutashobya and Jaensson, 2004).

Global competition linked with falling trade obstacles and the transportation costs require that SMEs improve their production processes to enable them to stay ahead to help them compete favourably against lower cost rivals (UNIDO, 2002).

Awuah (2009) reports on how the domestic nails market in Ghana has been affected through the exposure of powerful global competition as the Ghana market has been invaded by companies from China and India who export nails to Ghana. A good number of nail producers in Ghana have shut down their businesses as a result of these competitions. Many other industries in Ghana have also been shut down due to their failure to compete with foreign companies. Cheminade and Vang (2008), however, affirm that SMEs from the Bangalore area in India have benefited from their specialised advantages in the software industry to compete on the international market. These local industries have been given support by their government to overcome such market imperfections.

3.7.2 International mandatory trade protocols

The Doha Development Agenda of the WTO was introduced in November 2001, with the aim to facilitate and increase trade development and thereby integrate the disadvantaged economies into the global economy. This is mainly to lower complexity and reduce trade blocks around the world, and to allow countries to increase global business. As of 2008, talks had been frozen over a split on key issues on agriculture, industrial tariffs and non-tariff barriers, services and trade remedies.

There are disparities between developed economies (e.g. the European Union and the United States), and the main developing economies such as: Brazil, China, India, South Korea, and South Africa. According to a WTO (2008) report, there is significant contention against and between the USA and the EU over their maintenance of agricultural subsidies which are seen to function effectively as trade barriers.

The current international trade regulations introduced by the WTO require that horticultural SME exporters have to conform to the environmental, technical and

labour benchmarks in export markets. For example, the international trade standards like ISO 9000 and ISO 14000, technical limitations to trade of different types, and Sanitary and Phytosanitary Measures (SPS) (UKDTI, 2009) are all needed to be met.

In respect of international mandatory standards, importing countries are placing higher requirements and pressure on exporting countries and new legal requirements have been developed with regard to international trade in horticultural and other products (GEPC, 2005). International discussions and negotiations are currently being held on traceability issues at the WTO, and during these debates, developing countries highlight the significant constraints they face in implementing traceability systems, particularly the prohibitive costs of implementing traceability measures (WTO, 2008).

3.7.3 Changes in consumer demand

Globalisation has influenced consumer tastes, needs and wants, and these demands of consumers are converging, a trend termed in literature as ‘global consumers’. According to Lee (2005), it is common to observe that modern technologies make it, not only easy for isolated places and deprived people to be exposed to modern goods and services, but that they are keen on the modern day attraction. The change in consumer need is tied to changes in incomes and tastes (Wignaraja, 2003). This usually comes with greater demand for more environmentally friendly, sophisticated and customised products, which places newer demands on SME exporters. This will mean that it would be necessary to access up-to-date market information and ensure product designs and production processes are more flexible and closely adapted to meet the changing international market demands.

3.7.4 Need for entrepreneurial abilities

Entrepreneurial skills are one of the barriers that firms need to overcome in the face of globalisation. According to Buckley (2009), the rise of globalisation demands new management skills, which include an entrepreneurial ability to optimally locate and control firm activities. Entrepreneurial ability is linked to entrepreneurs being innovative in organising invention, being able to take risks, and the entry of a product or service to the global marketplace. These entrepreneurial skills enable entrepreneurs to combine their judgement with physical assets, thus enabling them to bear the risks and mobilize capital (Khalid and Larimo, 2011). According to Barney, *et al.*, (2001), entrepreneurial experience, relationships, knowledge, skills, judgement, training and

the ability to handle available resources efficiently, can be regarded as resources themselves. These are socially complex and would normally add value to the firm (Alvarez and Busenitz, 2001). When these resources are not easy to reproduce, other firms cannot simply create them.

Acedo and Jones (2007) contend that the influence of other managerial cognitions, such as tolerance for ambiguity, risk perception, resistance to change and self-confidence have also been shown to influence the decision-making process and the nature of the internationalisation process.

3.7.5 Changes in information and communication technologies

Galan and Sanchez (2009) observe that export firms operate in an environment that is fast changing and unstable, where customer preferences are unpredictable and the impact of technology is transforming the nature of enterprising business. Innovative changes in ICT are transforming all stages of manufacturing including management of supply-chain relationships, finding new technology, accessing distant markets and creating entirely new products. SMEs are therefore required to develop effective manufacturing competences in engineering, research and development, to adjust to fast technology change (UKDTI, 2009).

The foregoing challenges require concerted efforts by SME exporters, who need to pull resources and joint actions together in order to avoid marginalisation by bigger export players.

3.8 SME exporters' external opportunities

Even though there are numerous challenges that the export trade system imposes on developing countries and their small exporters, there are, however, those that are opportunities available for the exporters.

3.8.1 Expanded market

Hartungi (2006) contend that, over the last few years, global market places have offered number of opportunities for SMEs. For example, SMEs have greater market access and have experienced a more rapid technological transfer from more developed economies with increased efficiency and productivity.

According to Czinkota and Ronkainen (2007), and Czinkota *et al.*, (2011) the world is not only becoming more uniform and consistent but also, the differences between national markets for certain products and services are disappearing. Actors in the globalised world are presented with many opportunities such as: (a) access to modern and superior goods and services; (b) large markets access to modern technology; (c) fewer trade blocks; and, (d) capital flows for interdependency. UNDP (2004) assert that integrated and/or interdependent markets are almost free from all shades of trade barriers. As result of markets liberation and removal of nearly all trade barriers such as fiscal, monetary, physical and technical, many firms can enter and operate in virtually any market of their choice. Ibeh (2003) notes, however, that most SMEs, particularly those from developing economies, which are required to deal with the fast changing processes of trade liberalisation, may find that they do not possess the needed capabilities to deal with it.

Global integration value chains being driven by multinational enterprises are allowing SMEs that manage to get themselves ahead of time to develop 'first move' advantages which help SMEs to establish subcontracting relationships. With time, these enterprises would learn and improve their competitiveness capacities by taking advantage of new technologies, good managerial practices, technical skills and marketing connections of multinational enterprises (Buckley, 2009). According to Wilkinson and Young (2002), there has been a transformation in the global environment showing the outsourcing strategy as a major choice for many industries, such as automobile and computer/IT services. The explanation given here is that there is an incessant move to reduce value creation within the firm and, therefore, to increase the value from the firm's suppliers. According Wilkinson and Young (2002), the term 'virtual organization' means leaning towards flexible project-orientated co-operation between firms that permit the progress in electronic business tools. The authors suggest that virtual organisation can be taken to mean a network of relationships between firms which group their resources to gain 'size effects'.

The author suggests that SME exporters in Ghana can take advantage of expanding markets and outsourcing opportunities if they are well-organised and competitive.

3.8.2 The African Growth and Opportunity Act (AGOA)

The aim of the US African Growth and Opportunity Act 2000 (AGOA) programme is to encourage investments and trade between the USA and sub-Saharan African economies by providing promising African economies liberal access to the US market. Basically, the USA will offer such African economies duty-free access to their products (6,400) without reciprocity, to the market value of nearly US\$10 trillion dollars (USAID, 2004). To qualify under AGOA, a country is required to establish or to have made constant progress towards the creation of a market-based economy that ensures private property rights, operates an open rules-based trading system, and encourages minimized government interference in the economy through measures such as price controls, subsidies and government rights of economic assets.

AGOA also entitles eligible countries to other benefits including technical and financial assistance for investment promotion, infrastructure and agricultural development, air transportation development as well as enterprise development, particularly for women and small businesses (AGOA, 2008). Ghana qualifies under AGOA, and the Ghanaian government is working through GEPC to actively encourage small exporters to take advantage of the Act, which expired in the year 2015, but is meant to be renewed to increase NTEs (GEPC, 2009).

3.9 Global Trade Institutions

To ensure fairness and competitiveness among trading partners, several global trade institutions have been established to promote trade across nations.

3.9.1 The United Nations Industrial Development Organization

The United Nations Industrial Development Organization (UNIDO) is a dedicated function within the operations of the United Nations with a commitment to uphold and accelerate sustainability in industrial advancements in developing economies and economies in transition. It uses a collective of its global resources and knowledge in the direction of bettering living situations in the world's deprived economies (UNIDO, 2008). It is one of the leading contributors of trade-related development services, presenting customer-centred advice and incorporating practical support in the areas of trade policies, industrial innovation, competitiveness and upgrading, compliance with trading standards, testing methods and metrology. UNIDO's belief about SMEs is that small-scale manufacturing enterprises can be a factor in generating and sustaining

fiscal growth and equitable progress in developing countries (UNIDO, 2008). SMEs are their own greatest asset as they rally round each other. In the course of networking, SMEs, as individuals, can deal with issues correlated to their size, and through the networking, can also improve their competitive positions (McAuley 2010; UNIDO, 1999). UNIDO believes that reinforcement of the ability of developing countries to be involved in global trade is essential for their future economic growth (UNIDO, 2006). There is a debate in progress regarding whether the above global trade institutions, in particular the WTO, are justly and proficiently overseeing global trade concerns amongst nations. Such debate is, however, outside the scope of this paper.

3.9.2 International Trade Centre

The International Trade Centre (ITC) facilitates small business export in transitional and developing economies by providing partners a way of sustainable trade development solutions to trade support institutions, the policymakers and the private sector (ITC, 2011). As a partner in development for SMEs' export success, the ITC's eventual goal is to support developing economies in the realisation of their sustainable development through exports by stimulating, maintaining and conveying ventures while stressing the importance of competitiveness. The ITC to date is the sole international organisation with the exclusive purpose of trade development for developing and transition economies (ITC, 2004).

The ITC works under the belief that with a dynamic and involved private sector, trade can build lasting economic growth and development. Accordingly, the ITC is devoted to creating continual export success for SMEs and businesspersons in developing and transition countries, persuading export development that gives surety to the industrial feasibility of enterprises, helps to develop women and men to perform efficiently, and works in the direction of economic, social and environmental continuity (ITC, 2000). In 2010, the ITC and its South African partner, the National Agricultural Market Council, invented tools to help prospective fruit and vegetable farmers, identified their needs and correlated them with support from a network of public and private providers (ITC, 2011). The ITC put across the greater part of its technical support services through EPAs to guarantee distribution of services and training in their development (ITC, 2004).

3.9.3 World Trade Organization

The World Trade Organization (WTO) was constituted in 1995 with the purpose of regulating trade between nations. Guaranteeing a smooth, predictable, free trade flow is its central purpose.

The majority of the WTO's existing work comes from the 1986–1994 discussions and negotiations (the Uruguay Round) and the prior negotiations under the General Agreement on Tariffs and Trade (GATT). The WTO functions largely as follows (WTO, 2014).

- i. It offers opportunities for negotiating agreements intended at lowering impediments to international trade and guarantees a steady ground for all countries. The WTO provides a negotiating stage where member-governments seek to scrutinise the trade hurdles they come up against with each other. The WTO is at this time the provider to new discussions and negotiations, under the 'Doha Development Agenda'.
- ii. Its second responsibility is the establishment of rules. Central to this, are agreements that are negotiated and signed by the majority of the world's trading economies. The agreements provide legitimate protocols for international business. The WTO makes certain that persons, companies and governments are on familiar terms with the trade rules around the world, bestowing upon them the trust that there will be no unexpected changes of policy. All WTO members ought to go through the occasional exploration of their trade policies and practices.
- iii. The third key responsibility is dispute settlement to the WTO's work. Trade dealings regularly involve conflicting interests. Agreements, as well as those meticulously negotiated in the WTO organisation, require clarifying. Countries bring discord to the WTO if they are under the impression that their rights according to the agreements are being defied. Association in the WTO is a significant means of involvement in the multilateral trading system.

It calls for inaugurating domestic markets to international trade; nevertheless it also makes available immense market possibilities for domestic producers (ITC, 2009). To propose a thriving export development approach, it is crucial that governments and

private exporters have an obvious insight into the related WTO rules and their effects for their specific individual characteristics (ITC, 2009).

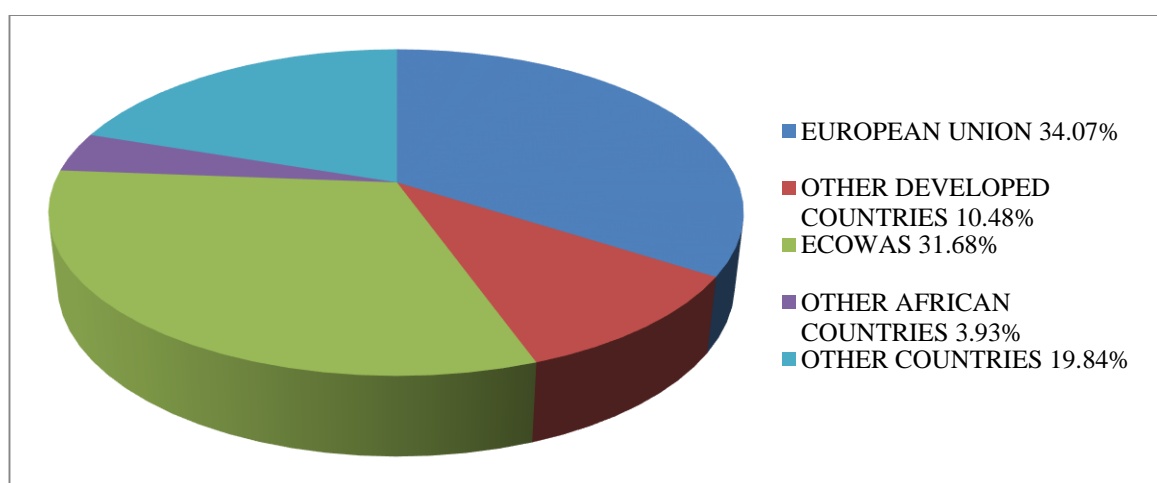
3.9.4 Export destinations for Ghana's non-traditional exports

Ghana's NTEs are categorised into five groups by GEPA, as follows.

- i. European Union
- ii. Other developed countries
- iii. Economic Community of West African States (ECOWAS)
- iv. Other African countries
- v. Other countries.

In the 2012/2013 exporting year, the non-traditional products were exported to 140 export destinations. The performance of the NTE market sector indicated that the EU and ECOWAS markets absorb 34.07% and 31.68% respectively of Ghana NTEs' products. These two major markets continue to be the leading markets for Ghana's NTE products. The rest of Africa, developed countries and other countries take up 3.93%, 10.48%, 19.84%, respectively (see figure 3.7). The EU continue to be the largest market for Ghana's NTEs. Principal export products to the EU include cocoa liquor, canned tuna, builders, woodwork, sliced veneer and sheanuts (GEPA, 2015).

Figure 3.7 Destinations of non-traditional exports



Source: GEPA Report (2012)

3.10 Entrepreneurship and SMEs in Ghana

Abor and Quartey (2010) contend that in Ghana, SMEs play a major role in the economy as the sector accounts for about 92% of business and contributes 70% of

GDP, and about 85% of employment in the manufacturing sector (Steel and Webster, 1990). Similarly, Ghana's economy is dominated by SMEs which provide jobs for an estimated 90% of the working population (World Bank, 2002).

Barr (2000) asserts that the role of formal market-supporting institutions in trade in Ghana have been virtually absent and at best minimal. In 1985, the government of Ghana established the NBSSI to serve as an institution responsible to develop and promote micro and small enterprises, primarily in the informal sector. Also in 1990, Barclays Bank Ghana, the government of Ghana and the United Nations Development Program (UNDP), established the Empretec Ghana Foundation to facilitate the activities of firms that are growth-orientated and internationally competitive. Apart from the services provided by the Empretec Ghana Foundation and NBSSI, currently there are about 90% of private consultancy companies that offer commercial technical services to SMEs. Nonetheless, there is evidence that the sector predominantly adopts incremental innovation by introducing products, services and processes that may be new to the firm but not to the industry (Robson, *et al.*, 2009).

Robson, *et al.* (2009) acknowledge that smaller firms in Ghana are also constrained by a lack of human and financial resources as compared to larger firms. That SMEs have lower survival and growth rates may be due to the above challenges. Not surprisingly, the sector still remains largely underdeveloped and isolated even though several attempts have been made to reform it. A number of institutional constraints have inhibited the sector's growth (African Development Bank, 2000).

In the context of internationalisation, Buckley (1997) acknowledges that SMEs lack resources for example skills in technology and access to markets, and information about targeted overseas markets. In support, Holmlund and Knock (1998) assert that SMEs going international lack resources like capital, hardware and personnel. The above limitations constrain the development and competitiveness as well export activities of the sector. Ghauri, *et al.* (2003) and Wright, *et al.* (2007) propose that networking may, however, offer potential solutions to SMEs' export problems. Interestingly, it has been found that many SMEs prefer to stay independent and in control of their operations and hence are unwilling to work together with international partners (EIM, 2005) even in their internationalisation pursuit.

3.11 Summary

As discussed earlier, the main target of this chapter was to provide the contextual background to the study by focusing on the Ghanaian economy and its export sector and the global market environment and the opportunities and challenges it presents to SME exporters. Although Ghana's economy appears to be doing well, its economic structure has not been radically transformed since colonial days, to meet with the current trends in the globalised trade regime. The Ghanaian domestic economy continues to revolve around subsistence agriculture. To date, Ghana depends on its traditional export products, which contribute nearly 70% to export revenue. The non-traditional export sector dominated by SME exporters has not performed satisfactorily in spite of the substantial support it has received over the years. The dynamic external trade environment presents both opportunities and challenges to horticultural SME exporters given their size limitations. SME exporters definitely require all sorts of support to be competitive in the global marketplace.

The next chapter presents discussions on the conceptual framework design that underpins the study.

CHAPTER FOUR: EXTENDED FRAMEWORK AND RESEARCH HYPOTHESES

4.0 Introduction

This chapter presents an extended conceptual framework and the development of the research hypotheses for the study. Concluding from the literature review about SME internationalisation, export competitiveness, the impact of globalisation in terms of opportunities and challenges and certain firm characteristics, the firm's internal and external factors are combined and considered as significant factors that influence SME export competitiveness.

The chapter aims at formulating or developing the conceptual framework consistent with the research questions and gives a guide to field work for this study. According to Miles and Huberman (1994), the research framework helps and facilitates the understanding of the key constructs or variables, factors as well as the presumed relationships in a graphical or narrative form. Fisher (2007) also states that a conceptual framework is expressed either in narrative or graphical form and the key issues that help to provide a guide into the analysis and the field work.

The conceptual framework integrates the three key concepts which are more related to SME international competitiveness and are outlined in detail in this chapter.

In brief, the literature review in chapter 2 provided a foundation for the understanding of theories that underpin the competitiveness of non-traditional horticultural SMEs in international markets. Given the complexity of determining SMEs international competitiveness, the study draws from a range of literature in seeking an understanding of the determinants of NTHes' international competitiveness and also presents a set of hypotheses that accompany the conceptual framework.

It is important to note that scholarly investigations on SME competitive advantage, SME exports, and internationalisation of SMEs have been captured in international marketing journals (Toften, 2005) and small business and enterprise development journals (Chaudhry and Crick, 1998). In an earlier study on SMEs, a variety of other alternatives have been devoted to identifying the factors that determine SME competitiveness, for example, Carson, *et al.* (1995), Knight and Cavusgil (2004, 2009) focused on market share, pre-tax profitability, sales growth and performance, Wright

and Stigliani, (2012) focused on entrepreneurship and growth experience, age and Love et al., (2015) exporting performance. Indeed, the subjects in this area of research do not fully represent a spectrum of conceptual areas.

It is clear that pressure emanating from globalisation and the increasing internationalisation of firms have led to interest in the determinants of NTHE international competitiveness, particularly SMEs from developing economies.

4.1 Conceptual framework development

A thorough literature review revealed that SMEs are more susceptible to changes in the international business environment than larger firms due to limitations associated with them. Evers and O' Gorman, (2011) and Blili and Raymond (1993), in support, suggest that, the vulnerability of SMEs demands managers assess the industry's environment in order to identify the opportunities and threats facing the firms.

Based on the complexity of SME competition drivers, past studies examined the determinants of SME competitiveness by employing the combinations of two or more models. According to Man, *et al.* (2002), internal factors, external factors, the profile of the entrepreneur and the performance of the firm jointly constitute the key factors which determine the competitiveness of an SME. In addition, the authors argued that SMEs' ability to remain competitive largely hinges on the existing potentials available to the firm, their performance, and their processes.

Similarly, Sirikrai and Tang (2006) in determining competitiveness, proposed a framework of competitiveness by combining internal and external drivers, and financial and non-financial firm performance indicators as determinants of competitiveness. Following the above discussion, this study classified the external factors into industry conditions and governmental influence on the firms' operation. The internal factors are regarded as mainly operational (e.g., financial and human resources capabilities)

A study conducted by Chew, *et al.* (2008) in China, draw on strategic alliances, innovation and differentiation for Chinese SMEs' competitive strategies framework. Yan (2010) contended that factors such as cost reduction, innovation, differentiation, strategic alliances and the environment are significant determinants. In developing

economies, Awuah and Amal (2011) considered innovation, learning and internationalisation as drivers for SME competitiveness.

Hinson, *et al.* (2010) focused on theories such as entrepreneurial orientation, RBV and Dynamic Capabilities to study how firms acquire sustained competitive advantage. Hallback and Gabrielson (2011) combined entrepreneurial orientation, global growth and dynamic capabilities of the firm to study the development of entrepreneurial marketing strategies in international new ventures.

Szerb and Terjesen (2010) adopted combinations of theories. As noted by Sarasvathy (2004), there is a need to overcome the separation of analysis of external and internal factors to examine the competitiveness of SMEs, and work towards their integration. This suggests the need to combine external and internal factors to determine SME competitiveness.

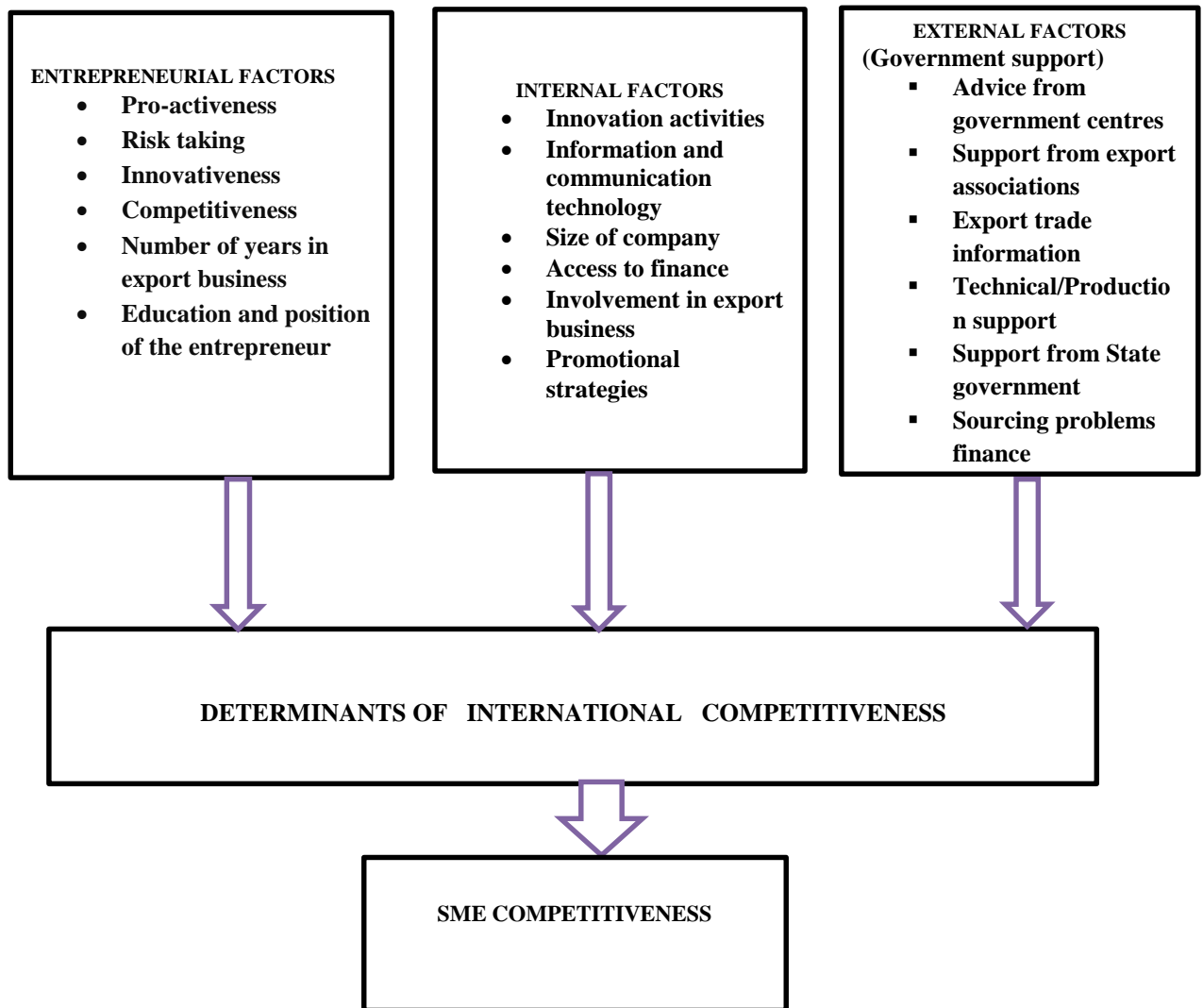
From the perspective of firms' external factors, this draws on the institutional perspective to address the above objectives for a number of reasons. Institutions have significant impact on emerging market firms because the government has an influence on emerging market economies compared to developed economies (Hoskisson, *et al.*, 2000). According to North (2005); Scott (2005) and Fligstein (1996), institutions shape and influence firms' choices and competitiveness.

The RBVs premised on the contention that firms' tangible and intangible resources are the most important sources of competitiveness (Wernerfelt, 1995; Barney *et al.*, 2011). Firms also have advantages if their resources are rare, immobile, valuable and non-substitutable (Barney, 2001), if they have capabilities to combine resources in a unique way and continuously improve their resources and capabilities' base (Peteraf, 1993). Some authors share a belief that intangible resources more significantly affect firm success (e.g., Mathur, *et al.*, 2007). Similarly, whether SMEs best function in a highly volatile environment is dependent on their entrepreneurial orientation, which is characterised by innovativeness, pro-activeness and the capacity or willingness of the firm to take risks (Patel and D'Souza, 2001; Balabamis and Katsikea, 2003). In the new international business environment, it is argued that it is the possession of unique entrepreneurial characteristics that influence SMEs to enter international markets while others remain in the domestic market (Oviatt and McDougall, 1994).

In the context of developing and transition economies (e.g., Ghana), the institutional factors become increasingly important (Welter and Smallbone, 2011). Developing this view further from the perspective of institutional theory, Cook (1996) identified four major agents as support to enhance the competitiveness: (a) non-governmental agencies, local associations, and private commercial organisations; (b) governments offering assistance through macro policy and direct support programmes; (c) formal as well as informal arrangements within small-scale sectors and any existing relationships between large and small-scale enterprises and the sectors; and, (d) international supports through donors.

In the light of the above discussion, the study proposes a framework to analyse the determinants of SME international competitiveness by pulling together streams of related concepts into a singular conceptual framework to investigate the determinants of SME international competitiveness, which would add rigour to the investigation. This multi-model approach in developing a conceptual framework for non-traditional horticultural SME international competitiveness is to achieve a strategic capability to offset their competitive weaknesses and increase the exporters' competitive edge.

Figure 4.1 Extended conceptual framework to understand the determinants of NTHE international competitiveness



Adapted from Man et al., (2002)

4.2 Components of the framework

The various issues discussed above draw on SME international competitiveness. An extensive literature review done so far, separates the three major aspects leading to the competitiveness of non-traditional horticultural SME exports which the external factors, internal resource capacity and the entrepreneur, significantly facilitate SME export competitiveness (Ibeh, 2003; Sousa, *et al.*, 2008; Leonidou et al., 2011). These factors, in turn, influence the competitiveness of the horticultural exporting firms. It can be argued that determinants of SME international competitiveness appear to consist of internal, external and entrepreneurial factors.

Horne, *et al.* (1992) posit that competitiveness of small firms comes from the scope for action or growth in the business environment. The next section presents a description of the components of the framework.

4.2.1 Entrepreneurial orientation

According to Zarhra and Wright (2011) and Lumpkin and Dess (1996), entrepreneurial behaviour is exhibited through decision-making styles, strategic orientation, methods and practices within the business. The available literature has so far studied the role of entrepreneurial orientation in the international context. There is not, however, sufficient research that focuses on the role of entrepreneurship and the competitiveness of SME international markets (Sundqvist, *et al.*, 2011). Five dimensions characterise different elements of the construct. Firstly, the competitive aggressiveness reflects the intensity of the firm's operations in its attempts to outperform its competitors in the industry (Sundqvist, *et al.*, 2011). Lumpkin and Dess (1996) describe pro-activeness as a position of anticipation and deliberations on future needs and wants in the market which will enable a firm to get an advantage over its competitors. Thirdly, autonomy refers to independent action carried out by a team or an individual with the purpose of initiating a business idea and carrying the idea to completion (Lumpkin and Dess, 2001). Fourthly, risk taking, according to Miller and Friesen (1982), is the eagerness to pursue the available opportunities that will carry a reasonable cost risk failure. Finally, according to Lumpkin and Dess, (1996) innovativeness of a firm is considered as its proclivity for generating innovative ideas, experimentation and research activities which lead to innovative products and processes.

4.2.2 External Factors (Government Support Factors)

A large number of SMEs often face challenges in operating in emerging and turbulent markets which often makes them more susceptible to external influences than large firms. To conceptualise the external environment in this case, the study attempted to draw largely on institutional theory (government support policies) (North 2005). This approach is therefore influential in determining SME competitiveness. Theory suggests that institutional context (both formal and informal rules or constraints) prevent SMEs from achieving their competitive advantage.

With respect to the framework for the study (figure 4.1), government support factors include advice from government centres, support from export associations, export

trade information, technical/production support, support from state government and finance sourcing problems for non-traditional horticultural SME exporters. These factors constitute a broad base from which the government supports are analysed. In the context of strategic management, the institution-based view asserts that firms are shaped by the domestic and foreign market environments. It is, therefore, argued that SMEs require efficiency and legitimacy, in addition to a support from state government to succeed (Scott, 1995, 2005).

In the case of the Ghanaian NTHE, government support and other export promotional institutions are essential to their competitiveness in the international markets.

The literature also highlights the importance of government support to SMEs (Peng, *et al.*, 2008). The Ghanaian Government, like other developing economies, is actively involved in export regulations. It is expected that government support through lower lending rates and other export incentives will enhance NTHE's competitiveness in the international markets.

4.2.3 Internal firm factors

The firm's internal factors are controllable factors which relate to the available resources and capabilities of a particular firm. This observation is predominantly popular from the RBV perspective of a firm's competitiveness (Barney, 1991; Barney *et al.*, 2011; Griffith and Hoppner, 2013). Following a thorough literature review of SME international competitiveness, the study has highlighted the following factors: innovative activities, information and communication technologies, the size of the firm, the firm's access to finance and involvement in export business. It is crucial to study the extent that firms' internal factors contribute to NTHE international competitiveness. As the trend towards globalisation of markets continues to gather momentum, competitiveness in export activities becomes increasingly important for exporting firms (Sousa and Bradley, 2009).

It is generally assumed in the literature that most firms begin internationalisation after they have accumulated some slack resources (Andersen, 1993). IE theory challenges new ventures to expand internationally regardless of their limited resources.

In keeping with the above arguments, it is believed that SMEs can achieve competitive advantage by making market entries consistent with their unique resources, such as

knowledge, abilities, and resources (Autio, *et al.*, 2000; Sapienza, *et al.*, 2006).

4.2.4 Competitiveness

According to Waheeduzzaman and Ryans (1996), the concept of ‘competitiveness’ is drawn from different disciplines, including comparative advantage or the price competitiveness perspective, the strategy and management perspective and the historical and socio-cultural perspectives. Nelson (1992) also asserts that competitiveness can be treated as an independent, dependent or an intermediary variable, which, in turn, depends on the perspectives from which it is approached. Furthermore, competitiveness demonstrates an attractive concept at various levels of study, which includes the individual level, the firm level and the micro-economic level for both industry policies and competitive positions of national economies.

4.3 Research hypotheses development

The hypotheses of the research have been developed to support the conceptual framework and are formulated in the context of various theoretical perspectives such as entrepreneurial factors, government support factors and the firm’s internal factors. Research hypotheses are also based on the relationship between the determinants of competitiveness, and competitiveness advantage, in order to allow for the empirical testing of the relationships between the variables.

Table 4.1 Hypotheses development from theoretical perspectives

Hypotheses	Theoretical perspective
H1 There is a strong relationship between innovative adoption and NTHE competitiveness	H1 is derived from Awuah and Amal (2011) that considered innovation learning and internationalisation for SMEs competitiveness. Ruzzier (2006) posits that firms' internationalisation is an innovation activity.
H2 Government and donor organisations' support for SME exporters positively influence their international competitiveness	H2 is based on the institutional theory which suggests that firms operating in different economies with different environments face diverse challenges. Martins (2010) posits that donor organisations' support to Ghanaian SME exporters was inadequate and untimely, and that more is required by the government to resolve SME exporters' problems abroad.
H3 The entrepreneurial factors have impact on NTHE international competitiveness	The hypothesis was derived from entrepreneurial characteristics such as risk-taking, pro-activeness, innovativeness and competitiveness required by SME exporters to be competitive in international markets (Prajogo & Ahmed, 2006; Miller and Friesen (1982).
H4 Firm's number of years in business positively influences NTHE international competitiveness	This was derived from stage theory (Johansson & Vahlne, 1977) suggesting that SMEs need experiential knowledge in the export business in order to survive in the export environment.
H5 The size of the firm positively influences NTHE international competitiveness and performance	In the literature review, the firm size is one of the determinants of the export performance. Several empirical studies have been conducted to demonstrate the impact of an organisation's size on its export success (Kasikas & Morgan, 1993; Cooper & Kleinschmidt, 1985; Kledia & Chokkar, 1986; Selassie, 2009).
H6 That accessibility to finance positively impact on NTHE's international competitiveness.	This hypothesis stems from the stage theory of internationalisation, which presupposes that small firms do internationalise step-wisely (Bilkey & Tesar, 1977). Karadeniz and Gocer (2007) confirm that small firms face severe resource constraints.

Source: Compiled by the researcher

H1. There is a strong relationship between innovative adoption and SME competitiveness

SMEs innovation activities have received considerable attention from researchers (Hoffman, *et al.*, 1998; McAdam and Armstrong, 2001). From the literature review, NTHEs would require a certain degree of innovative competences in order to survive and compete in the international market (see section 2.2.8).

According to Saarenketo *et al.*, (2004) and Alegre *et al.*, (2011), a firm's innovative competence would build on its experience and prior learning in knowledge related areas. Previous studies have also acknowledged that having R&D personnel unit in the firm was a vital aspect of innovative capability (Marvel and Lumpkin, 2007; Haeusler *et al.*, 2012). Accordingly, NTHE's innovative competency would be achieved from its innovative activities and would significantly influence its international competitiveness. Innovative activities in this study are measured in the context of their relationship with non-traditional horticultural SME international competitiveness. The activities are measured in terms of availability of R&D unit which is staffed with specialised and professional personnel, application of research findings and co-operation with other research institutions (See Chapter 2).

For the purpose of this study, Vladimirov, *et al.*'s (2013) proposal for innovation activities was adopted as a holistic approach to innovation.

The literature reviewed indicates that a firm's ability to learn and innovate in their interactions with other firms enable it (the firm) to internationalise their activities, to take advantage of opportunities and handle challenges emanating from the pressure of globalisation (Awuah and Amal, 2011). The above hypothesis is, therefore, generated.

H2. Government and donor organisations' support for SME exporters positively influence their international competitiveness

Over the past decade, institutional theory has appeared as an important way to explain the behaviour of firms from developing economies (Buckley *et al.*, 2007). According to Hoskisson *et al.*, (2000), institutional theory is defined as "the rule of the game" have a significant impact on emerging market firms' behaviour because government influences are stronger in emerging markets economies compared to developed economies. North (2005) and Scott (2005) in line of the argument, contend that

institutions help shape and influence firm structures, firm's strategic choices and its competitiveness. It can therefore be argued that SMEs must consider wider influences than industry and firms level when implementing strategies to gain competitive advantage.

Recent empirical literature has focused attention on the role of government on emerging firms, with special attention to SMEs, to expand internationally (Rui and Yip, 2008; Peng, 2010). The studies noted that emerging market institutions, government and donor organisations play an important role in emerging markets.

Businesses that operate in countries with diverging institutional environments will face varied pressures. As indicated by Holmlund and Kock (1998) in their previous study, international business is informed on the idea that operating across borders is somewhat different from operating in the local market, with each type of operation posing different marketing challenges.

Katsikeas and Morgan (1997) in their study, developed a five-fold categorisation of export problems that originate from the external environment that are experienced at the destination or host country markets including: (1) tariff barriers; (2) exchange rate problems; (3) limitations imposed by foreign government rules and regulations; (4) lack of information about foreign markets; and, (5) difficulties in understanding foreign business practices. Young (2001) confirmed that those factors are considered highest in management surveys of export barriers.

According to Zsidisin, *et al.* (2005), businesses are executed more efficiently if they are given the required institutional support. Martins (2010) explored donor organisations' problems with Ghanaian SME exporters and the extent of support available to them. The study revealed that donor organisations' support to Ghanaian SME exporters was inadequate and untimely, and that more was required from the government of Ghana and stakeholders to resolve exporters' problems abroad. Upon this premise the above hypothesis was formulated.

H3.The entrepreneurial factors have significant impact on NTHE international competitiveness

Davis, *et al.* (2010) assert that the changing international markets environment in which a large number of SMEs are now competing, make it imperative to consider the

importance of SME managers from the perspective of how their entrepreneurial skills and values may influence strategic decision making. Globalisation and economic liberalisation have made the international business environment uncertain. Prajogo and Ahmed (2006) assert that the international business environment is constantly changing, as well as markets and consumers' needs.

It is an imperative SMEs exhibit risk-taking and product innovation, and behave proactively. Miller and Friesen (1982) argues that a firm develops an entrepreneurial orientation if it constantly demonstrates the entrepreneurial dimensions such as proactiveness, innovativeness, and risk-taking.

Hypothesis 3 was derived from entrepreneurial characteristics such as risk-taking, proactiveness, innovativeness and competitiveness required by SME horticultural exporters to be competitive in international markets.

H4. Firm's number of years in business positively influences NTHE international competitiveness

Hypothesis 4 was formulated based on the stage theory. The degree of an export firm's experience is considered as a critical factor that determines how the firm reacts to export opportunities (Sui and Baum 2014; Sousa et al., 2008; Cavusgil and Nevin, 1981). Studies in this area have revealed mixed findings. Johansson and Vahlne (1990) and Stoian *et al.*, (2011) perceive that firms progressively increase their international business commitment as they acquire knowledge and experience in the markets. The theory explains that firms' success in the foreign market is a factor of the uncertainties within the market and how the firm copes with it (Hultman *et al.*, 2011; Karadeniz and Gocer, 2007; Leonidou and Katsikeas, 1996). According to Sui and Baum (2014) age of an exporting firm is linked to the gathering of experience in the international market that enables the firm to develop the required strategies to create international competitive advantage. In a previous study, Etemad (2004) asserts that lack of adequate knowledge of the markets hampers participation in foreign operations and the progression of these firms. The availability of foreign markets' information to assist firms will be achieved through foreign experience in operations. It is acknowledged that experiences and perspectives are supposed to lead to innovative stages in the perception of export risks. It may therefore mean that relatively older exporting firms would have more experience than new firms in the same industry.

Williams (2006) and Autio (2000) contend that with the passage of time firms would develop as they face structural apathy and relax. Adu-Gyamfi and Korneliussen, (2013) in support contend that older exporting firms in Ghana have experience, have established networks and survive longer in exporting which is achieved through resource investment by the firms. Hence, the firm's number of years in business positively influences NTHE international competitiveness.

H5. The size of the firm positively influences NTHE international competitiveness and performance

The size of the firm is one of the determinants of export competitiveness. Previous research has shown the impact of firm size on its export competitiveness (Katsikeas and Morgan, 1993; Lages and Sousa, 2010). From the literature review, it is argued that exporting firms should be large to compete in the international markets as different strategies are required to be implemented to achieve export success (Lages and Jap 2002). The study concluded that size has a positive influence on export competitiveness and that larger firms are more likely to be effective exporters. Lages and Sousa (2010) contend that large firms are more likely to possess substantial resources that would enable them to adapt because of economies of scale. According to Barney (2011), internal resources can generate competitive advantage for the firm based on the tenets of the resource based view. Therefore this study proposes that size has a significant impact on SME competitiveness and it is used as one of the determinants of export performance. Several empirical studies have been conducted to demonstrate the impact of an organisation's size on its export success (Chokkar, 1986; Katsikeas and Morgan, 1993; Selassie, 2009; Lages and Sousa, 2010).

These studies concluded that size has a positive impact on exporting. Larger firms are more likely to be committed and effective exporters. Contrary to this, Aaby and Slater (1989) reported conflicting findings as they concluded that it is not only size that determines export performance, it has to be concurrent to financial strength and variables related to economies of scale.

Howard and Borgia (1990) concluded that small firms and large firms are different with respect to their perceived difficulties in exporting, perceived usefulness of different export support organisations, as well as the perceived helpfulness of various government agencies.

Thus, being more at a disadvantage when it comes to exporting; smaller firms tend to perceive international trade points to be more useful than larger firms.

H6. Accessibility to finance positively impact on NTHE's international competitiveness

Lack of access to adequate financing, both short-term and long-term credit, has an adverse effect on the NTHE's activities and has a serious impact on their ability to trade favourably internationally. Access to finance is therefore one of the determinants of the export competitiveness of the NTHE, as lack of it is a constraint on their international competitive advantage.

Sections 3.7.4 and 4.3.2 discuss financial support the NTHE can enjoy, but it is more of a mirage than a reality as there seem not to be properly laid down procedures to help the NTHE to know what do. The procedures available are cumbersome and the NTHE may lack the required knowledge to take advantage of the limited scope of available financing instruments.

SMEs are very critical in the value chain, as many farming, transport and trading companies in Ghana are SMEs. However, Fjose, *et al.*, (2010) contend that the lack of finances has been an obstacle to SME growth in the sub-Saharan African region. Accordingly, SMEs in Ghana face many difficulties in their operations and that limit their growth and competitiveness, and these could be attributed to managerial inefficiencies and access to formal financing (Owusu-Frimpong and Martins, 2010). In summary, there appears to be a lack of or inadequacy of loans for development by the NTHE in their businesses. There are also some difficulties experienced by the NTHE in their ability to access the limited available finances, and this may be due to the NTHE's lack of collateral and insufficient cash flows.

4.4 Summary

The purpose of this chapter has been to explain the rationale behind the research questions developed, and the conceptual framework. The review above has drawn on a selected number of studies to identify the key determinants of SME international competitiveness. The framework presented in figure 4.1 demonstrates the three underpinning theories: the RBV, international entrepreneurship theory, and institutional theory and their links to the concepts in this study.

The adoption of the above theoretical framework influenced the choice of methodology for this study. The next chapter therefore discusses the research philosophy and approaches, research strategy, research design and issues relating to reliability and ethics.

CHAPTER FIVE: RESEARCH METHODOLOGY

5.0 Introduction

The chapter clarifies the research methods undertaken to collect data for the study and examines the research hypotheses. According to Rindfleisch, *et al.* (2008), effective design is considered critical in research work because it ensures that the evidence collected is fit for the theory testing. It is imperative that a comprehensive research plan is developed to discuss the hypotheses and research objectives of the study and how these could be tested. Chapter five addresses the philosophy of the research and the underpinning methodology.

The design of the interview and questionnaires of the study are discussed, followed by the description of the pre-testing and validation of the data collection instruments. The administration of the questionnaire survey and the statistical techniques used to analyse the data are then presented.

To achieve the research objectives, there are several approaches available. Selecting a research design for a particular research project is often not easy. According to Bryman and Bell (2007), research design provides a guide for conducting a study. Thus, the design provides a foundation for generating data to address the research questions set for the study. Rather than adopting a single approach, either qualitative or quantitative, a mixed method research design, combining both qualitative and quantitative research methods was selected.

The importance of choosing a suitable research design is emphasised by Thomas (2004). Thomas (2004, p. 20) speculates that research design includes "deciding what and how the strategy and methods would be applied in the context of a specific inquiry specifying precisely when, where and how data would be collected and the techniques used to analyse the data". In designing the research, however, it is argued that the approach should take into account, intentions and meaning, a purpose which is unambiguous, support and social interaction, and must be able to cater for unplanned change or uncertainty (Patel, 2006).

Tashakkori and Teddlie (1998) argue that pragmatism is a paradigm different from constructivism (qualitative approach) or positivism (quantitative approach). The paradigm advocates the application of mixed methods in behavioural and social study.

Studies in social and behavioural sciences are largely known to have adopted the mixed model research design which appears to be the most appropriate to address the research questions.

The mixed methodology approach was employed in this study because it provides the flexibility to use different methods, diverse views, and allows for alternative assumptions. Different types of methods for the collection of data and the analysis are applied. The mixed-methods strategy allows integration of both qualitative and quantitative data collection techniques and analysis. Quantitative or qualitative methods alone are not sufficient to explore and explain any given phenomenon. They complement each other in the sense that they would convey a more absolute analysis (Tashakkori and Teddlie, 2003; Creswell, *et al.*, 2004).

The study is based on Ghana, although some cross-references to developing countries are made. The context of the study is Ghana's non-traditional export sector, whilst the international business environment provides the external context. The study is cross-sectional, and covers non-traditional horticultural SME exporters. Conceptually, the study examines the determinants of non-traditional horticultural SME competitive advantage that impact on the overall Ghanaian SME exporters' competitiveness.

5.1 Theoretical Paradigm and Assumptions

As indicated in Chapter 1, the purpose of this study is to establish the competitiveness of non-traditional horticultural SME exporters (NTHE) in international markets. The purpose of the study has informed the choice of the philosophy. Philosophical issues are fundamental to the concept of research design. The research philosophy underlying this study holds important assumptions about how the world is viewed. These suppositions support the research strategy and the methods chosen as part of the strategy (Easterby-Smith, *et al.*, 2004; Saunders, *et al.*, 2007). The philosophical choices made in the study do affect the organisation of the research, the collection of data and data analysis done, and the outlooks and the expected outcome from the research (Berg, 2004).

Guba and Lincoln (1985) posit that philosophies such as epistemology, ontology and methodology are inter-dependent. The ontological views are connected to methodological frameworks and epistemological assumptions. The epistemological

assumptions are said to be the knowledge that will require a process of constructively making a meaning.

Guba and Lincoln (1985) and Burrell and Morgan (1979) had earlier stated that the essence of research philosophies is to help researchers to understand the complexities of the study. They also support understanding of the impact of research paradigms on knowledge construction. These relate to the ontology of the phenomenon under study which argues whether the 'reality' being studied is external to the individual or a product of individual consciousness.

According to Burrell and Morgan (1979, p.1), epistemological assumptions are "about how one might begin to understand the world and communicate this knowledge to fellow human beings".

Thus, in deciding the approaches to contextualise the method and the process of the investigation, the philosophical assumptions were considered.

5.1.1 Epistemology

According to Easterby-Smith, *et al.*, (2008), epistemology is the study of views and beliefs about appropriately knowing or inquiring about the nature of the world. Eriksson and Kovalainen (2008, p.14) posited that epistemology is the understanding of "what is knowledge and what are the sources and limits of knowledge". Blaikie (2007, p.18) also describes epistemology as "the theory or science of the method or grounds of knowledge". The theory has developed into sets of assumptions and claims. There are therefore different philosophical discussions amongst strategic management researchers.

Hatch and Cunliffe (2006, p.26) conclude that epistemology is "knowing how you can know" and continued by asking "how is knowledge generated, what criteria discriminate good knowledge from bad knowledge, and how should reality be represented or described". Hatch and Cunliffe (2006) also highlighted the inter-dependent relationship between ontology and epistemology, and how they both depend on the other.

Relating to the study, epistemology demonstrates the validity and scope of knowledge that are considered and the methods employed in the conduct of the study. It gives an

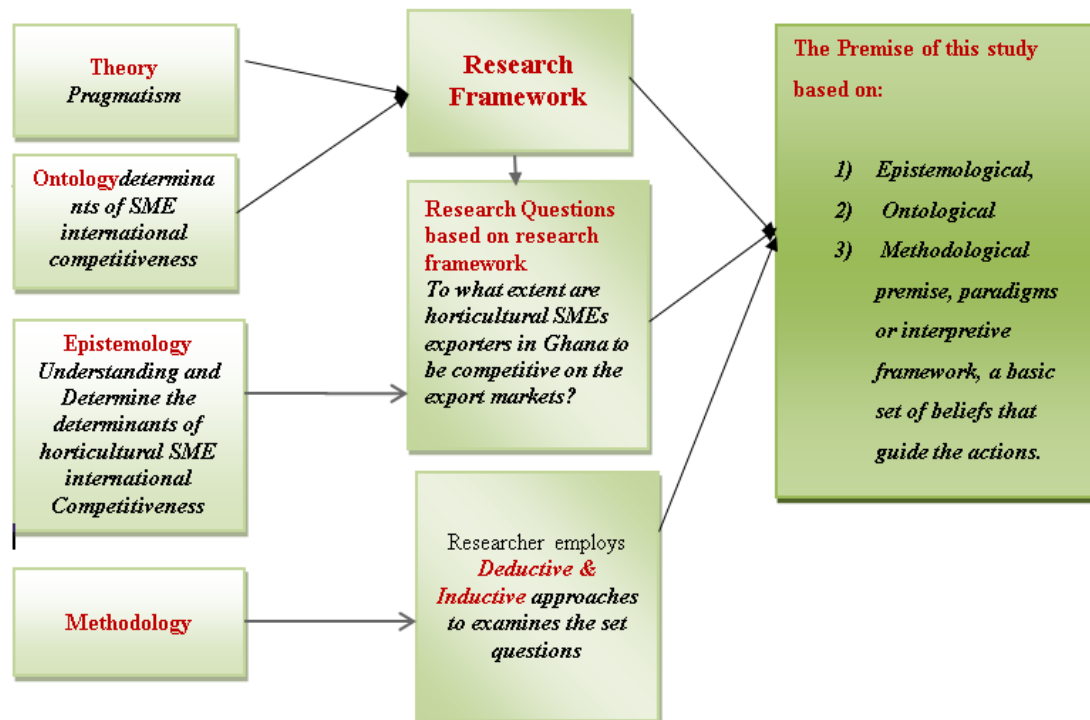
idea about what separates opinion from belief. The epistemology study also helps ensure the validity of a conclusion as truth and not considered as an opinion. Thus, the epistemology position of this study is drawn from the positivist and interpretivist paradigms (see subsections (a) and (b) of Methodological Assumptions below).

5.1.2 Ontology

According to Collis and Hussey (2009), ontological assumptions relate to what reality is and how it can be communicated in accordance with the philosophical position. They believe that ontology is concerned with how the 'real world' came about and not the analysis of what it is, as it is believed, will explain people's interpretations on the nature of reality. They continue to argue that, it is an objective reality that really exists but a subjective reality created in our minds which might be a figment of our imagination. Stenbacka (2001) also affirms that the study of ontology is the study of existence built on absolute meaning and the assumption of its metaphysical implication rather than its cognitive implication.

Concluding, it is noted that discussions on epistemology and ontology are essential in the conduct of this study. It is to be noted that the epistemology will determine the sets of research questions and objectives whilst the ontology will outline the research framework.

Figure 5.1: Generic research activities



Source: Adapted from Clarke (1998)

From figure 5.1, it is noted that epistemology, ontology and methodology form an all-inclusive system of inter-related practice which describes the nature of a researcher's inquiry. Within the paradigm or premise of the study, the ontological assumes that an understanding of reality is relative to how individuals and groups create and interpret the world (Guba, 1985). The study is aimed at helping to gain an understanding of the determinants of SME international competitiveness.

Regarding the epistemological assumption, to achieve the stated aim of this study, which is the understanding of SMEs' competitiveness in international markets, the epistemological stance is seen to require an inductive methodological approach which enables a complete understanding of the subject and the construction of a substantive theory.

The methodological approach of the study specifies the deductive and inductive methodologies employed practically to examine SME international competitiveness.

Table 5.1 Philosophical foundations

Worldview Element	Post positivism	Constructivism	Participatory	Pragmatism
Ontology (what is the nature of reality)	Singular reality (e.g., The researcher rejects or fails to reject hypotheses)	Multiple realities (e.g., researchers provide quotes to illustrate different perspectives)	Political reality (e.g., the findings are negotiated with participants)	Singular and multiple realities (e.g., researchers test hypotheses and provide multiple perspectives)
Epistemology (what is the relationship between the researcher and that being researched)	Distance and impartiality (researchers objectively collect data on instruments)	Closeness (e.g., researchers visit participants at their sites to collect data)	Collaboration (e.g., researchers actively involve participants as collaborators)	Practicality (e.g., Researchers collect data by what works to address research question)
Axiology (what is the role of the researchers' values?)	Unbiased (e.g., researchers use checks to eliminate bias)	Biased (e.g., researchers actively talk about their biases and interpretations)	Negotiated (e.g., researchers negotiate their biases with participants)	Multiple stances (e.g., researchers include both biased and unbiased perspectives)
Methodology (what is the process of research)	Deductive (e.g., researchers test <i>a priori</i> theory)	Inductive (e.g., researchers start with participants' views and build up to patterns, theories, and generalisations)	Participatory (e.g., researchers involve participants in all stages of the research and engage in cyclical reviews of results)	Combining (e.g., researchers collect both qualitative and quantitative data and mix them)
Rhetoric (what is the language of research)	Formal style	Informal style	Advocacy and change	Formal and informal styles

Source: adapted from Creswell (2013)

Table 5.1 presents a summary of different research philosophies and methodologies. This study employs a mixed method, adopting the pragmatist philosophy. The study is grounded in the pragmatist paradigm approach in the positivist and interpretive philosophies. The tools to collect and analyse data are in-depth interview and survey.

5.2 The Research Philosophies

The previous assumptions discussed (see table 5.1) have implications as to how knowledge is obtained and issues investigated.

The research style used is a blend of interlinked methods that support and help in obtaining important data useful in the realisation of the research aims and objectives of the study. The methodological assumptions include.

5.2.1 Positivism

Positivism is said to be a philosophical system which will only recognize that which can be scientifically proved or verified, and is capable of mathematical or logical proof. It is exemplified by the testing of hypotheses which are developed from existing theory through the measurement of observed social realities.

According to Blaikie (1993), Hatch and Cunliffe (2006), Saunders *et al.*, (2007), Eriksson and Kovalainen (2008) and Easterby-Smith, *et al.*, (2008) positivism is fundamentally based on values of truth, reasoning and validity. It focuses purely on facts gathered through experiences and direct observation and experiences. They are measured empirically using the quantitative approach (e.g. surveys and experiments) and statistical analysis.

Hatch and Cunliffe (2006), relating this to the organisational context, stated that positivists normally assume that what truly happens in organisations, can only be determined through scientific measurement and categorisation of the perceptions or behaviour of the people and systems. Thus, the assumption is that the researcher is separated from the subject under study, and is not affected by it (Remenyi, *et al.*, 1998; Bell, 2005).

5.2.2 Interpretivist/constructivist

According to Cunliffe and Hatch (2006), interpretivists will aim to work together with others as long as they make sense of it, draw meaning from it and can create their realities in order to understand their points of view. They also do interpret experiences in the context of the academic experience gained, and its inductiveness or theory building.

Saunders, *et al.*, (2007) argue that a research study should concentrate on understanding the meanings and interpretations of the social actors and to understand their world from their point of view which is highly contextual and is not widely generalisable. Easterby-Smith, *et al.*, (2008) also affirm that considering peoples' thoughts, feelings and communication (verbal and non-verbal) are considered critical for any study. According to Eriksson and Kovalainen (2008), given the subjective nature of this paradigm (interpretivism) and emphasis on language, qualitative approach to data gathering seems to be the best choice. In considering this phenomenon under this study here, this position seems to be the most feasible.

5.2.3 Post-positivism

Lincoln (1985), referring to the previous work of Schwartz and Ogilvy (1979), argued that the world is now in an era of post-positivism, and that this paradigm shift has led to the emergence of the naturalistic paradigm. In this paradigm, the world is viewed

as pluralistic, interactive and holographic. Guba (1985) articulates this notion as being based on the view that everything is interconnected like a vast network of interference patterns, each part containing information about the whole. The implication is that the naturalistic paradigm views the world as an indeterminate universe (Lincoln, 1985) that is neither predictable, linear nor consisting of direct cause-and-effect relationships. Inquiry in the naturalistic paradigm is, therefore, based on a number of axioms that contrast sharply with the previous discussion of inquiry in the positivist tradition (Guba, 1985). Most significantly, the ontological assumption is made that an understanding of reality is relative to how the individual or group, creates and interprets the world. The naturalistic paradigm recognises the importance of the subjective experiences of the respondent. Thus, the assumption is made that any construction is the respondent's attempt to make sense of reality, and that this sense will be dependent on the information available - as this changes, so can the construction change. This inherently suggests that the posture of pure objectivity is an illusion and that the posture of perspective (Schwartz and Ogilvy, 1979) may be more appropriate in that it accepts that any one phenomenon can be viewed from a multiplicity of perspectives (Lincoln, 1985; Guba, 1985; Schwartz and Ogilvy, 1979).

5.2.4 Pragmatism

According to Silverman (1998) and Saunders, *et al.* (2007), pragmatism advocates that research questions should be the most appropriate determinants of the study's philosophy. They agree that some methods or approach may be 'better' than others for addressing particular research questions. They clarify, however, that either interpretivist or positivist philosophy could be employed when the research question is not ambiguous. This corroborates the pragmatist's view that it is perfectly probable to adopt both philosophies.

Tashakkori and Teddlie (1998) also suggest that it would be more suitable if the researcher adopted a range of philosophies as against one particular philosophy. They argue that the researchers' rush appeal to apply pragmatism could be due to their attempt to escape from the frenzied pointless debate which is unrealistic and mostly untruthful.

5.2.5 Implications of the philosophical differences

Interpretivism and Positivism would require considerably different methods or approaches to research. The positivist paradigm is basically the attempt to understand a social setting by recognising the individual's constituents of a phenomenon, and then simplifying the phenomenon in terms of different constructs, and relationships between these constructs. This outlook suggests a quantitative approach. Positivists tend to use a highly structured methodology to ensure replication. Cavaye (1996) and Gill and Johnson (2002) affirm that the emphasis is likely to be on quantifiable observations which would lead to meaningful statistical analysis. The interpretivist paradigm, on the other hand, is concerned with understanding a phenomenon from the point of view of the participants who are directly involved in the phenomenon under study. A qualitative approach is therefore recommended for this outlook (Malhotra and Birks, 2000; Bell, 2005).

Saunders, *et al*, (2007) on the differences mentioned above, suggest that the research question will determine which 'better' approach is to be employed.

Although there is a clear dichotomy between the two views (positivist and interpretivist) as well as different variations of opinions, in reality, research rarely falls neatly into only one philosophical domain. A research practice involves a lot of compromises between these philosophies (Tashakkori and Teddlie, 1998; Easterby-Smith, *et al.*, 2004).

5.2.6 Philosophical position and assumptions

The choice of a research approach is important, as it enables more informed decisions to be made about the research design, helping to decide on research strategies and choices that are effective (Easterby-Smith, *et al.*, 2002). Ontologically, the study favours realism and assumes that multiple realities exist, such as those of the researcher; SME horticultural exporters; the government; and the readers or audience interpreting this study.

Epistemologically, it is believed that the realities to be studied lean towards the interactional and inter-subjective stance. Pragmatism is adopted given the nature of the research questions, which suggest the possibility of working with both positivist and interpretivist philosophies (Saunders, *et al.*, 2007) as pragmatism is intuitively

appealing (Tashakkori and Teddlie, 1998). It is recognised that the international business environment in which SME exporters operate is complex, dynamic and not necessarily predictable, calling for a move away from the strong predominance of a positivist approach to alternative methodologies such as the qualitative approach (Carson and Coviello, 1995; Hill and McGowan, 1999). Moreover, an interpretive study focuses on what is being accomplished and with what conditions, and it relies on first-hand accounts (Yin, 1994). The other aspect of this research is to measure relationships between the determinants and SME exporters' competitiveness and to test hypotheses, which incline the study towards the positivist approach. Considering the previous discussion, the pragmatist stance which accommodates the positivist and the interpretivist traditions is adopted for this study in order to tease out essential data that is pertinent to the research aims.

5.3 Research approach

A research approach should characterise the connection that exists between the research and the theory. The first step would explain whether an inductive or deductive approach is most appropriate approach to use. According to Hyde (2000), there are two main approaches that could be used when conducting theory and empirical research. The study employed deductive and inductive research approaches (Bryman and Bell, 2005; Gray, 2009). The inductive research approach is used to explore the understanding and meanings based on a more detailed study of the six export facilitating institutions in Ghana. The theory is generated from practice and is a result which contributes to research work. The researcher begins by exploring the environment to develop the hypotheses which will result in a new theory.

(Bryman and Bell, (2005); Gray, (2009) the deductive research approach, however, enables the researcher to apply what is known from a particular area and the underlying theories, and possibly support or reject the theory. This approach is most commonly adopted when establishing a relationship between theory and empirical social science (Bryman and Bell, 2005).

These two approaches facilitate the description and analysis of SME international competitiveness.

Following this, a decision would be made as to which of the three gathering approaches would be appropriately suited to be used: (a) quantitative, (b) qualitative or (c) mixed method. Bryman (2008) argues that a research approach should form the basis for all research decisions and outcomes. This study adopts a pragmatist position.

The main aim of the study is to investigate the experiences and opinions of non-traditional horticultural SME managers with respect to determinants of SME competitive advantage in international markets, and interpreting the outcome findings within the context of academic literature.

5.3.1 Mixed method approach

Using both approaches to collect quantitative and qualitative data respectively will permit the researcher to compare or validate the results of the study. The main principle of the mixed method approach is to reach, through the integration of qualitative and quantitative methods and techniques, a wider comprehension of the studied phenomena (Creswell, 1998; 2006; Tashakkori and Teddlie, 2003; 2010). Researchers are encouraged, therefore, to aspire to make the different approaches complement each other. Mixed method is defined broadly by Bazeley (2010) as any study where more than one methodological or paradigmatic approach of data collection is employed. This allows a particular type of strategy for analysis to be used for a common purpose. Such approaches could include qualitative, quantitative, a combination of, or a middle-way between the approaches which could be classified as quantitative or qualitative. According to Yin (2006) and Bergman (2008), there can be different mixes or combinations of approaches, and there should not be any need for a clear distinction between the qualitative and quantitative approaches to research.

The choice of a socioeconomic paradigm suggests description, measurement and understanding of variables inclines the study to mixed methods. Based on the socioeconomic paradigm and the multiplicity of issues involved, the researcher concluded that one methodology would not effectively address all aspects of the research questions. It is assumed that the mixed-method approach, which combines the qualitative and quantitative methods, is more likely to provide a robust methodology for this study (O'Leary, 2004, p.150).

Some previous studies on the subject of SME competitiveness have employed both qualitative (e.g., Williamson, 2005; Campaniaris, *et al.*, 2011) and quantitative (e.g., Li and Qian (2007); Singh, *et al.*, 2010) approaches in their data collection. This study follows a similar direction by employing qualitative and quantitative measures of data collection in the form of the mixed method approach (Tashakkori and Teddlie, 1998). Thus, this research embraces both qualitative and quantitative methods. The justification for adopting the mixed method approach would be when both qualitative and quantitative methods appear to equally provide the best opportunities to address a research problem (Creswell, 2003).

5.3.1.1 Purpose/Rationale for Selecting Mixed Method Approach

The rationale for choosing both qualitative and quantitative methods is due to the fact that, in the SME context and the nature of the study, a questionnaire survey is unlikely to cover all the aspects of the research problem because in quantitative studies, theory and literature are also used deductively to develop the research questions (Creswell, 1994). Moreover, questionnaire survey has also been criticised for only scratching the surface of people's attitudes and feelings, where the counting of numbers is used to express the complexity of the human soul (Hill and Wright, 2001). A series of studies, for example, Blankson and Stokes (2002), Greenbank (2001), Stonehouse and Pemberton (2002), have, however, confirmed and adopted a survey approach. A quantitative survey approach has produced notable results which have contributed much to SME research. In contrast, Schindenhutte and Morris's (2001) study which focused on SMEs failed to capture insights regarding what was happening in a particular small enterprise.

A qualitative approach, on the other hand, will allow the researcher to capture individual and unique characteristics of the SMEs' managers and also capture the views of people involved. This would provide rich descriptive details that would set quantitative results in their human context, an important factor in the case of SMEs. For instance, Hill and McGowan (1999) emphasize the necessity to capture individual and unique characteristics of SMEs and the personalities acting within them. In the context of SMEs the research problem involves individuals, personalities and characteristics of SMEs in the process. Moreover, in the area of SMEs' internationalisation and competitive advantage, the interview approach has been

shown to be the best and most effective way of examining managers' perceptions and understanding about the competitive structure of that industry (De Chernatony, *et al.*, 1993).

SMEs owner-managers have a strong impact on the way in which their firms are managed. Interviews with these owner-managers are essential and probably would indicate that this could be the best and effective way of understanding how SMEs operate (Curran and Blackburn, 1994).

5.3.1.2 Addressing the research problem with mixed method analysis

In addressing the research problem in the current study the following qualitative questions have been set. According to Easterby-Smith, *et al.*, (2004), before adopting any method of data collection, the research question and objectives of the research need to be clearly considered. In this regard, it was observed that the research question for this study (To what extent are non-traditional horticultural SME exporters competitive on the international market?) reveals three key factors namely: SME exporters, government officials and the international market. The research objectives capture both qualitative and quantitative dimensions. Given the multi-dimensionality of the research, the researcher is convinced that mixed methods is the most appropriate methodology, as it offers explanations and understanding through the quantitative and qualitative approaches, and will ensure reliable measurement and external validity. Additionally, mixed methods enrich the data collection by allowing the researcher to draw on the strengths associated with both the quantitative and qualitative methods (Johnson and Onwuegbuzie, 2004).

Thus, the researcher's philosophical stance (pragmatism); the demands of the inquiry context and the diverse information needed to address the research question, as well as a consideration of approaches by previous researchers on SMEs, influenced the choice of mixed methods.

Furthermore, collecting both types of data is to converge (or compare, validate) results. These underlying assumptions for mixed methods lead to the development of procedures that are used for mixed method strategies of enquiry (Creswell and Plano-Clark, 2007) and also procedures for research (Tashakkori and Teddlie, 2003).

According to Caracelli and Greene (1997) and Tashakkori and Teddlie (2003, 2010), integrating or mixing methods would: (a) facilitate new understanding of the topic in question (Caracelli and Greene, 1997); (b) provide deep understanding, e.g., of causal processes (Maxwell, 2004; Maxwell and Mittapalli, 2010); and, (c) support building stronger conclusions, as weaknesses are compensated with strengths from each other (Johnson and Onweugbuzie, 2004).

The integration of different parts of the study is shaped together based on the rationale or purpose for the study.

Quantitative and qualitative data collection for the study took place at the same time but the findings are integrated to arrive at a logical and seasoned conclusion.

5.4 Research Strategy

A research strategy is "a general plan of how the study would answer the research questions" (Saunders, *et al.* 2003, p.90).

A collection of internal and external documents significant to the study objectives was gathered and analysed. The material gathered covers the components of competitiveness that exist in the industry and underpinning improvements of the competitiveness of non-traditional horticultural products.

Silverman (2001) describes documents as published and unpublished printed materials which include government reports, company reports, letters, memos, and newspaper articles applicable to quantitative and qualitative approaches to research. Public documents such as annual reports, written materials from government ministries such as the Ministry of Trade and Industries, Ghana Chamber of Commerce, World Bank reports on Ghanaian exports, websites, journals, magazines and articles were studied before going and during the data collection period in the field.

The availability and consistency of data derived from documents can provide an important insight into the research phenomenon which can be beneficial to the researcher (Merriam, 2002). In addition, thorough examination of documents provides researchers with prior field visit knowledge to be informed of the category of people to choose for the interview (Ezer, 2005). Although some documents have been criticised on the grounds that they lack representation, they are incomparable and display personal biases. According to Sarankos (2005), documents provide insights

into important social issues and support added dimensions to other primary source material through analysis of documents. That study acknowledged, however, that the quality and credibility of the data could be compromised due to bias from the authors (Saunders, *et al.*, 2007).

The strategy which provides the best results for the study and will help to achieve the research objectives has been chosen. The choice of strategy is based on the understanding of underpinning philosophical factors in choosing a research method which would be consistent with the research objectives.

Thus, the strategy is based on positivist and interpretive philosophies, employing qualitative and quantitative research approaches. From the discussion above, the use of a combination of research methods or approaches usually gives a valid and reliable result (Cavana, *et al.*, 2000; Lee, 1989).

5.5 Research methods and data collection

According to Scott and Morrison (2006), approaches or methods are usually described in the form of qualitative techniques which apply to interviews, and quantitative techniques that make use of statistical calculations. These methods use various procedures that will support academic researchers to confirm that the knowledge created, has validity and reliability.

The study adopts the rules or procedures introduced by Scott and Morrison (2006):

1. creating hypotheses, research questions, objectives as well as theories to support the study;
2. for data collection; and,
3. analysing data and producing an interpretation of it.

The choice of method is built on the suitability and applicability of the procedures to the research phenomenon.

Table 5.2 shows the relationship between research objectives, methodology and methods employed.

Table 5.2 Relationship between research objectives, methodology and methods employed

Research Objectives	Methodology	Method employed
To develop a theoretical framework for a better understanding of the competitiveness of SMEs in developing economies (e.g. Ghana)	Qualitative	Semi-structured interview
To examine the factors that determine the competitiveness of SMEs exports and how these factors can be adopted to facilitate the performance of non-traditional horticultural exports in Ghana	Quantitative	Questionnaire
To assess the role and effectiveness of government and the EPAs in non-traditional horticultural SMEs export sector in Ghana	Qualitative	Semi-structured interview
To identify and recommend strategies for policy makers and non-traditional horticultural SME exporters (NTHE) in Ghana.	Qualitative	Semi-structured interview In-depth interview

Source: Compiled by the researcher

The next sections present the instruments for qualitative (section 5.5.1) and quantitative (sections 5.5.2) data collection and analyses.

5.5.1 Qualitative Data Collection

In terms of qualitative sampling, the study employs a purposive sampling technique. The purpose of this sampling technique depends largely on the provision of rich data cases which enable opportunity for in-depth study.

This sampling technique as indicated considers the number of interviewees less essential than the criteria adopted towards them. Purposeful sampling technique has features or experiences that assist researchers' detailed understanding of themes they wished to study. According to Patton (1990), purposive sampling techniques are not mutually exclusive and the underlying measures can be a blend of several criteria.

The choice of sample size in this case is usually based on the number of factors including the aim and value of the study, resource availability and its credibility. Patton (1990, p.185) argues that "the validity, meaningfulness and insights generated

from a qualitative inquiry have more to do with the information-richness of the cases selected and the observational/analytical capabilities of the researcher than with sample size". Contributing to the discussion, Charmaz (2006) acknowledges that the aims of any study are the crucial drivers of how the project is designed, and by extension, the sample size that is used.

5.5.1.1 Sampling

Consistent with the purpose of this study and the investigation of determinants of the SME international competitiveness, the sample size fits into the description of a small study. A small sample size has been selected for this reason and the participants have been carefully selected from various firms that are exporting products namely: mangoes, pineapples, bananas, papayas etc., in order to gain a general overview regarding the competitiveness of non-traditional horticultural SMEs.

Purposive sampling technique was specifically employed for this study. This has been done in order to effectively address the research questions by gaining relevant information which would meet the requirements of the research objectives (Saunders, *et al.*, 2007).

Selecting a sample size for a particular study is a matter of compromise due to resource constraints. Due to limitations on e.g. finance, time, etc., and the nature of the study, a small sample size has been selected (Webb 2000).

According to Saunders, *et al.* (1997), interpretivism is characterised by an emphasis on the meanings that research subjects accord to social phenomena, the researcher's attempt to appreciate what is happening and why it is happening. Thus, using a small sample of subjects could be more suitable than a large number as with the positivist approach.

Accordingly, a purposive sampling technique has been used to select six participants for in-depth and semi-structured interviews representing: the Ministry of Trade and Industry, Ghana Export Promotion Authority (GEPA), and the Ministry of Food and Agriculture in Ghana. These participants were selected based on their experiences in the NTE sector and the fact that they were highly involved with SME exporters and export associations.

5.5.1.2 In-depth Interviews

The in-depth interview technique was employed as the first qualitative collection technique for the research.

In-depth interviews are generally employed to provide context to other data, and contribute to the broader picture of ‘what’ happened and ‘why’ (Boyce, 2006).

Tull and Hawkins (1990) advocated that in-depth interview technique is said to be one of the best approaches to investigate an individual’s behaviour or attitude, and have been found to be particularly useful where a detailed analysis has to be conducted of complex situations and also institutions where the key purpose of the study is to explore rather than to measure (Webb, 2000; Malhotra and Burks, 2000).

The disadvantages of in-depth interviews were considered prior to their employment. Generalisations about the results cannot usually be made when in-depth interview techniques are conducted with small samples and random sampling methods are not used. In-depth interviews are also prone to bias and time-intensiveness (Boyce, 2006). Concrete steps have been taken to minimize the effect of such setbacks. For example, to minimize bias, it was ensured that questions were carefully asked and non-verbal behaviours were not suggestive to create a bias in the way that interviewees would be able to answer the questions asked (Bell, 2005).

First phase qualitative data collection involved conducting in-depth interviews with key officials from MOFA and MOTI, who represent the government and are in the best positions to give in-depth information about the sector.

5.5.1.3 Semi-structured interviews

The second qualitative data collection method employed by the study was the semi-structured interview technique. Overall, four export promotion agencies’ representatives were interviewed, representing the GEPA, FAGE, EximGuaranty and EDIF. Easterby-Smith, *et al.* (2000) argue that the key factors in international business are essentially socially constructed, hence it is important to employ research methods drawn from the qualitative perspective.

Semi-structured interviews are employed to collect data which are usually analysed using a qualitative approach and used not just to understand and reveal the 'what' and the 'how' however but also to lay emphasis on exploring the 'why' (Saunders, *et al.*, 2007, p.313).

The semi-structured or unstructured interviews approach have emerged as an effective means of collecting data from owner managers of small enterprises (Curran and Blackburn, 1994) and also offer an opportunity to track the answers and to obtain ordered explanations (Creswell, 2009). It also enables probing for more understanding and provides for an interaction with people (Easterby-Smith, *et al.*, 2000). According to David and Sutton (2004, p.87), the value of having "key themes and sub-questions in advance lie in giving the researcher a sense of order from which to draw questions from unplanned encounters". The approach offered an effective means to explore the understandings of SME international competitiveness from the representatives from export promotion agencies in Ghana.

The set back of semi-structured interviews could be that inexperienced interviewers would fail to ask prompt questions and that could lead to loss of relevant data. As indicated by Kajornboon (2004), inexperienced interviewers may not also be able to ask difficult questions to explore the situation and to get the right answers.

Semi-structured interviews are time consuming and resource intensive. In spite of these disadvantages, the method was considered for this study as the advantages are notably many and outweigh the disadvantages. The researcher would rely on experience gained from previous interview training and practices.

Requests for interview appointments were sought and obtained from target respondents through written communication which stated the purpose, nature, content and duration of interviews as well as an assurance of confidentiality and anonymity, and the intention to record the interviews was agreed. First phase of the qualitative data collection involved conducting semi-structured interviews with selected representatives. Prior to each interview, a rapport was developed with the interviewees to reassure them of confidentiality. Next, the purpose of the study was recapped and the interviewees were reminded that the interview would be recorded as indicated previously. Tape-recording was deemed useful to enable the interviewer to keep eye

contact with the interviewees, assist accurate note taking and to check the wording of any statement made which needed to be quoted during analysis (Kvale, 1996; Easterby-Smith, 2000).

Interview questions were targeted and conducted with four EPA representatives, using the semi-structured method. Recording the interviews helped the researcher to analyse the verbatim responses from the interviewees (Zikmund, 2003). The recording allowed time for coding, summarising and specific comments of interest were noted down later and not during the course of the interview (Bell, 2005). Occasional notes were taken during the interviews, which lasted between 45 to 60 minutes each. At the end of each interview, the researcher expressed appreciation to the interviewees for their time and input.

5.5.1.4 Qualitative data analysis

According to Holloway and Todres (2003), qualitative approaches are incredibly variable, complex and nuanced. The study adopted a thematic analysis as the main method for analysing the qualitative data. Braun and Clark (2006, pp.77-101) posit that thematic analysis "Is the first qualitative method of analysis that researchers should learn, as it provides core skills that will be useful for conducting many other forms of qualitative analysis".

5.5.1.5 Rationale for Thematic Analysis

The first step in qualitative analysis is data to be transcribed and reading the interview transcripts (Maxwell, 2005). During this time, notes would be written and tentative ideas developed about categories and relationships, as this is considered an important phase in the analysis (Riessman, 1993). The categorisation is achieved through coding and thematic analysis. According to Eisenhardt and Graebner (2007), categorisation helps identify patterns of data that lead to theory development. Theoretical categories are addressed and the categorisation forms the basis for the conclusions.

Thematic analysis was considered well-suited for this study due to the *a priori* concepts and pre-set questions that needed to be addressed (Lacey and Luff, 2007) and due to the thematic analytical approach adopted in studying small export groups in previous research, for example, Hudson, *et al.* (2001) and Bell, *et al.* (2004).

Thematic analysis is a technique or method which is employed to identify, analyse and report trends within the data set. The method is effective in organising and describing in detail the dataset. According to Boyatzis (1998), this method can be adopted for interpreting the research topic in details. The thematic analysis process begins with the identification of themes and by careful reading of the data. It recognises data patterns with the aim of identifying various themes for analysis, where emerging themes are categorised for analysis. The codes which emerged from the data collected were highlighted and then categorised with different text highlights. One key advantage of thematic analysis for qualitative data is the fact that it is the flexible route to analysis, which allows the researcher to alter its use in line with the objectives of the study (Lewis, *et al.*, 2009).

Thematic analysis is widely used in the work of various researchers (e.g. Boyatzis, 1998; Attride-Stirling, 2001; Tuckett, 2005) and there is a claim that there is no 'consensus' about what thematic analysis is and how it is used or applied.

The study adopts thematic analysis techniques to guide the data analysis of the interview transcripts. According to Easterby-Smith, *et al.* (1993), thematic analysis examines historical documents; the frequency of key phrases; and signs or words. Similarly, Farquhar (2012) maintains that thematic analysis supports or discounts a theoretical framework. The interview transcripts were coded and analysed in an Excel spreadsheet. Richards and Morse (2007) argue that coding enables researchers to link from the data to idea and leads on from the idea to all the data pertaining to that particular idea.

There are different phases involved in thematic analysis. As indicated by Patton (1990), it is important to understand that qualitative analysis guidelines are not rules and must be applied with all flexibility to fit the research data and questions. According to Ely, *et al.* (1997), thematic analysis cannot be described as a '*linear*' procedure where one simply moves from one phase to another. Rather, it is more of a 'recursive' procedure through all the phases. It is a process that cannot be rushed, but should be allowed to develop over time. This research will follow the underpinning theoretical thematic analysis at the semantic level. In its theoretical independence, thematic analysis will offer a useful and flexible research tool, which can potentially offer a detailed, rich, yet complex account of data. Howitt (2010) indicates that many

of the rules or procedures of thematic analysis (see section 6.4) are also used by other qualitative data analysis methods like grounded theory.

5.5.2 Quantitative data collection

Considering the type of research question, and given the interest in studying the determinants of SME international competitiveness at a particular time rather than over a period, the study adopts the cross-sectional approach during quantitative data collection from several sources with the aim of presenting generalised findings (Malhotra, 2010; Bryman and Bell, 2011). There are, however, some concerns about cross-sectional studies on SMEs and there are calls for studies investigating firm internationalisation and growth, over a longer period of time, to identify change factors (Wright, *et al.*, 2007). Nevertheless, the study adopts the cross-sectional design rather than longitudinal because sometimes the longitudinal approach will last for many years compared to the cross sectional model.

The design tool was utilised to limit the quantitative research to a relevant level of sample population. The cross-sectional design was also considered due to the fact that it is relatively inexpensive and takes up little time to conduct and match the time and budget limitations (Saunders, *et al.*, 2007).

5.5.2.1 Rationale for Adopting Survey Method

Quantitative data was collected through a survey method using a self-administered questionnaire approach. This approach was used because the survey approach gives better organisation over the research process and with the aid of sampling, generates outcomes which could represent the whole population of study at a lower cost than collecting the data for the whole population (Saunders, *et al.*, 2007). The key emphasis is on information fact finding and gathering. If a survey is well-organised and guided, it can be a fast and cheap means of obtaining information (Bell, 2005; Webb, 1999). The main disadvantage of the survey method is that its data is not likely to cover the range or be as wide as data collected by other research strategies (Malhotra, 2000). It must be noted that there is a limit to the questions that any questionnaire can contain. Much time will be needed to be spent to ensure a representative sample, design and piloting of the questionnaire while trying to ensure that a good response rate is achieved (Baker, 2003). Even analysing the results with any available and relevant

software tool is time consuming (Easterby-Smith, *et al.*, 2004). In spite of these disadvantages, the survey method has been used to elicit quantitative data for measuring competitiveness and key variables and also to test hypotheses. The advantages in using the survey method outweigh its disadvantages.

5.5.2.2 Sampling

The study population of interest for this study was NTHes located in Ghana. Basically the idea of sampling is that, by choosing some elements of the population, conclusions could be drawn about the entire population (Cooper and Schindler, 2001).

The study adopted a simple random sampling technique that selected a reliable sample for the survey.

According to Schlegelmilch and Diamantopoulos (1997), sample size is a key factor in the accuracy of the survey results. It was chosen in a way that allowed the statistical analysis to be conducted and also to represent the population.

Similarly, Saunders, *et al.* (2007) state that, given the competing influences on sample size determination, the final sample size is always a matter of judgment and calculation.

Factors that were considered included the degree of variation of population characteristics such as: the anticipated response rate; the degree of reliability required for the sample; the statistical techniques that were employed during the analysis stage; the time available; as well as the cost involved in data collection in arriving at the sample size.

A list of non-traditional horticultural SME exporters with their addresses was obtained from GEPA and served as the study population. In consideration of Stutely's (2003) recommendation of a minimum number of 30 for statistical analyses in each category of an overall sample, simple random sampling was used to select exporters from the leading export products category (bananas, pineapples, papayas, mangoes and vegetables) to constitute an overall sample size of 160 non-traditional horticultural exporters. Bowling (2002) estimates a 20% non-response rate based on a well-designed questionnaire and good research techniques.

The sample size of NTHes was drawn, bearing in mind that a 10% sampling error in a sampling size of 100 can be tolerated (De Vaus, 1996), given a 95% confidence that the outcomes in the general study population would match those in the sample plus or minus the sampling error.

Aaker, *et al.* (2001), in selecting sample sizes, recommend an approach using comparable and similar study sample sizes. With respect to research on SME exporters (horticultural SME exporters) in Ghana, Hinson and Sorenson (2006) used 60 firms to explore e-business among small Ghanaian exporters. Buatsi (2002) sampled 90 SME exporters to study the financing of non-traditional exporters in Ghana and Owusu-Frimpong and Mmieh (2007) evaluated the perceptions and marketing practices of 92 NTEs in Ghana. Also, Hinson, *et al.* (2007) studied internet use patterns of 150 Ghanaian NTE SMEs and Kautonen (1996) conducted a study on 14 export grouping networks of furniture producers of the Lahti region in Finland. Ceigle and Dini (1999) in support of UNIDO studied a network project in Nicaragua involving some 20 horizontal networks and O'Reilly and Haines (2004) compared two SME marketing networks designed to promote regional specialty food products. In relations to these previous studies therefore, a sample size of 160 was considered for the study. The backgrounds of selected SMEs for the survey were checked with GEPA to ensure that they met the requirements for SME exporting criteria.

5.5.2.3 Participants and selection criteria

As part of the initial contacts, prospective participants were informed about the criteria of the study. Participants were made to understand that they must meet the criteria set out for the survey. This certainly did not suggest a random sampling or a procedure of selecting a large number of participants as usually found in quantitative research. The criteria for selection are listed below.

1. The firm must be small or medium-sized with less than 100 employees.
2. The firm must only engage in the non-traditional horticultural exports (the sector of interest of study).
3. The firm must have an export business experience of one year and more.
4. The firm should be indigenous and independent, or partly foreign and partly local, but should not be a subsidiary of a large domestic or international firm.

According to Lee, *et al.* (2002), studies that normally use more than one approach would usually require fewer participants like those other studies that employed multiple interviews with the same participants. Morse (1994, p.225) recommended the selection of at least six participants, while Creswell (1998, p.64) suggested 5-25 participants.

Managerial perceptions are used as the basis of the interviews, as perceptions shape the behaviour of organisations to a significant degree. This is in accordance with the studies of Chattopadhyay, *et al.* (1999) and Spanos and Lioukas (2001). In addition, Westphal and Frederickson (2001) revealed that top management has an impact on organisations' directions and change.

5.5.2.4 Survey Questionnaire Design

The questions were adapted from previous related studies (Vladimirov Simeonava, *et al.* 2013 and Martins A. 2010) in the field (Dillman, 2011). The advantage is that the adopted items have already been piloted, verified and applied in previous empirical studies (Easterby-Smith *et al.*, 2002). As suggested by Creswell (2003), development of new questionnaire survey instruments was avoided in order to prevent validity problems. Dimitratos *et al.*, (2012) also posit that adoption of existing questionnaire survey instruments is a widespread procedure in international business research. The specific selection process of the measurement items was in accordance with the selection guidelines described by De Vellis (2003). Thus, it was ensured that the adopted measurement items convey what the researcher claims (Sapsford and Jupp, 2006).

In this study, the self-administered questionnaires approach was adopted. Self-administered questionnaires are generally a situation where respondents are asked to complete the questionnaire forms by supplying answers to the set of questions, using any of the three types of methods: postal (mail) questionnaires, internet (internet and intranet-mediated questionnaires) and hand-delivered to respondent for collection later (delivery and collection) questionnaires. According to Saunders, *et al.*, (2007) questionnaires are usually comprised of different types of data collection where each respondent would be asked to answer the same set of questions in a pre-arranged order. Basically, there are two types of questionnaire namely; self-administered

questionnaires and interviewer questionnaires. As mentioned earlier, the study employed the self-administered questionnaire.

i. Key considerations

The questionnaires for this study were developed based on the research objectives, past research works and literature review conducted. It was ensured that the research questions were short and simple, unambiguous, in order for respondents not to lose the sense of the questionnaire (Oppenheim, 1984). It was ensured that jargon, leading questions, biased words, double-barrelled questions, questions that sound negative and hypothetical questions were excluded in order to achieve a high rate of response (Millman *et al.*, 1993). The study of Buatsi (2003) suggests that a significant number of SME exporters in Ghana have not attained any high levels of education. This is in contrast to the researcher's experience with the respondents. A few of the respondents who required help with the questionnaires were given a one-to-one quick training, sometimes in the local language, to make them understand. In support of this approach, Cavulsgi and Noar (1987) suggest that administering the questionnaire in a local language encourages high response rates.

ii. Questionnaire formats

In order to obtain data from SME exporters, closed-ended and open-ended questions were combined to offset the strengths and weaknesses of each, which is highly recommended (Polft and Hungler, 1999).

a. Close-ended questions

Closed-ended questions are quicker, easier to answer and require minimal writing which is why they are adopted here to achieve standardised responses (Saunders, *et al.*, 2007). The choice of closed-ended questions is therefore dependent on the following.

1. The respondents do not usually need an interviewer or interpreter: they are self-explanatory.
2. Fewer instructions used in order not to bore respondents, compared with other types of questions.

3. Usually time saving and faster, and can be answered by the respondents in between other activities.
4. Questions are simple and self-explanatory, and respondents can answer without requiring assistance from the researcher.
5. The questions usually will direct the respondents to specific aspects of the research issue.

b. Open-ended questions

Even though most of the questions were closed-ended questions, there were a few others which were included. The purpose of asking these other questions was to identify the advantages Ghanaian non-traditional horticultural exporting firms have over their competitors in international markets. It was thought this information could easily be obtained using open-ended instead of closed ended questions.

Open- and closed-ended questions were combined where respondents were required to provide brief explanatory statements to closed-ended questions. The aim was to gain quick and direct responses to questions being asked.

iii. Measurements and Responses

Responses to the self-reported measures were provided on a five-point Likert scale. A Likert scale is a survey tool used as an assessment of some variables falling within a range of potential responses. It is normally a five (or seven) point **scale** which is used to allow the individual to express how much they agree or disagree with a particular statement. That is, it is bipolar, which means that it provides options which will range between two potential extreme positions, "I strongly agree" to "I strongly disagree."

This type of measurement involves a series of scale items (Hair et al, 2006). It is easy to accomplish and has been very commonly adopted in international business research (see Alegre et al, 2011 and Schwens et al, 2011).

The Likert type measurement procedure is standardised and therefore ensures that gathered information is comparable and meaningful statistics can be produced (Brace, 2013). Nevertheless, critics claim that a shortcoming of Likert scale items is the problem of reproducibility. It occurs when an identical score can be obtained in several ways (Singleton and Straits, 2005). This shortcoming was addressed through the

adoption of multi-item constructs in some cases to measure SME international competitiveness (Brace, 2013).

The scaling for this study is necessary for the respondents to select from a five point scale, ranging from 1=**Strongly Disagree** to **5 Strongly Agree** as shown in table 5.4. The 'strongly agree', was given a value of 5, as the most favourable attitude on the question/statement as indicated in table 5.4 below. Where response to the question is negative or less favourable, the value of 1 is given. The other responses fall between the two values.

Table 5:4 Measurement responses

Scale Value	Description
1 Strongly Disagree	Specifies that the statement is highly untrue and not important, based on the respondents' views and experience
2 Disagree	Specifies that the statement is of no relevance, not important or not implemented based on the respondents' views and experience
3 Undecided	Specifies that the statement could either be relevant, important or true OR irrelevant, not important or false, based on the respondents' views and experience
4 Agree	Specifies that the statement is relevant, very important and true to a high degree based on the respondents' views and experience
5 Strongly Agree	Specifies that the statement is absolutely relevant, highly favoured and highly important and in the respondents' views and experience.

Source: adapted from Zikmund (1997)

5.5.2.5 Pre-Testing for Reliability and Validity

i. Reliability

To ensure consistency of the data collection instrument of this study, the internal consistency approach was employed to test the questionnaires for reliability. According to Norland (1990), internal consistency is suitable to be used to measure reliability of any questionnaires built on an interval or ratio scale measure. This approach has been selected for this study because the questionnaires assess the respondents' experiences and perceptions. Due to limitations, as far as time is concerned, the questionnaires were administered only once to the respondents and, a follow-up exercise as a pre-requisite for the test-retest method, could not be conducted.

ii. Validity

In relation to validity, the research instrument used truly and actually measures what is intended to measure or answer the question, 'how truthful are the research results'? It must also address the question, "has the research instrument enabled the achievement of the research objectives"? Validity as a concept is described by Winter (2000, p.1) as a "contingent construct, grounded in the processes and intentions of particular research methodologies and projects".

The most suitable validity test in a piece of research will influence the objectives of the study. Content validity is the most applicable validity that is measured in this research. This was considered based on the nature of the study which is intended to assess perceptions and opinions of individual SME exporters. In line with the argument, Carmines and Zeller (1991) acknowledged that content validity must be based on the extent to which a measure would reflect the specific intended domain of the content. This content validity is usually used to answer questions like:

1. is the questionnaire suitable for the selected population and sample?;
2. is the questionnaire all-inclusive? Does it meet the requirements of all relevant information to achieve the objectives and aim of the research; and,
3. does the questionnaire symbolise the appropriate contents?

A final version of the questionnaire is produced and used for the main research, after adjustment for any changes that might be necessary due to the pre-testing.

5.5.2.6 Administration of Questionnaire

According to De Vaus (2002, p.180), "We use the principle of scaling every day". When we meet people for the first time we try to build a picture of them: we develop impressions about their friendliness, intelligence, trustworthiness and so forth. These impressions rarely rely on one piece of information, but are a composite picture based on a number of clues. In survey research, the scale is a systematic and formalized version of a daily activity. A scale is usually a combined measure of concepts, a measure which is composed of information resulting from several questions or indicators.

Prior to the questionnaire being administered, a covering letter which specifies the

researcher's commitment to confidentiality and privacy of information was sent to prospective respondents. Quantitative data were collected through a questionnaire. A version of the questionnaire created to be used online, was made available to a few respondents wishing to complete and send the questionnaires using the internet medium. This was done to meet the demands of the respondents and increase their interest in the survey.

5.5.2.7 Quantitative Data Analysis

The data were analysed using SPSS. Some steps were undertaken to test and examine the research hypotheses. According to Reid (1987), statistical techniques help the study in three important aspects: measurement, comparison and control of uncertainty. The applicability of these techniques to the current study enabled the measurement of the competitiveness of non-traditional horticultural SMEs in Ghana to achieve the aim and objectives of the study. Zikmund (1997) states that statistics can be applicable and useful in research projects in two main forms: inferential and descriptive.

i. Descriptive and inferential statistical analysis

Descriptive statistical analysis was used to provide insights into the sample structure and demographic variables, as a way of defining the respondents by using graphical analysis, namely: cross-tabulations, frequency tables, measures of central tendencies and dispersions to provide summaries in a meaningful way.

Inferential analysis was employed to assess whether the relationships revealed by the descriptive analyses are scientifically acceptable. Some statistical generalisations which strive to reach conclusions beyond the immediate data collected were also demonstrated (Gayle, 2000). The researcher employed analytical tools such as regression and correlation to show the extent of relationships among variables.

In determining the most suitable statistical method to be used in analysing and interpreting the data collected, a number of factors were considered (Zikmund, 1997). According to Zikmund (1997), these factors included the type of questions being investigated and the variables which can either be multivariate, bivariate or univariate, and the scale of measurement. According to Bolch and Huang (1974) there are two broad categories of statistical inferences, namely: non-parametric and parametric inferences.

Simons (1980), in line with the argument, affirms that a number of researchers have considered parametric inference as a more ‘powerful’ method when the assumptions underlying the model are satisfied or met. Though non-parametric inferences utilise less stringent assumptions about specific configurations of the research population yet parametric test appears to be the most suitable test for this research (Simons, 1980). This is due to the underlying population from which the sample is derived. Parametric tests are more appropriate for interval or ratio data, and it is assumed that the data is drawn from a normally distributed population (i.e., data not skewed) which have the same spread (variance) on the variables under measurement.

Pearson’s correlation is used as a parametric alternative and designed for the interval scale variables to show the extent of relationships among variables.

The following outlines some of the statistical techniques employed with the aid of SPSS.

ii. Cronbach alpha

Cronbach alpha was applied to assess the reliability of the scales developed in the survey instrument. Where reliability is defined as the degree to which a variable is dependable in what it is intended to measure, reliability relates to the consistency of the measure (Hair, *et al.*, 1998, p.90). The reliability of the variables was measured before the regression analysis.

iii. Correlation analysis

Correlation is a statistics technique which is useful for measuring the link involving two variables. According to Field (2009), these two variables could be connected in three ways, namely :(a) not related at all; (b) positively related; and,(c) negatively related. Hence, correlation analysis was conducted to ascertain whether there are any extensive correlations which existed between the competitive and determining variables under study.

Pearson’s correlation is adopted to identify the relationship between the variables, the direction of such relationships and the likelihood that any such relationship occurred other than by mere chance.

As the coefficient of correlation lies between -1 and +1 and indicating the strength of the relationship that exists between variables, the closer the correlation coefficient is to zero, the weaker the correlation (relationship) that exists between the variables and *vice versa*. Pearson's correlation has been employed rather than Spearman's correlation as the data analysed was parametric.

iv. Regression analysis

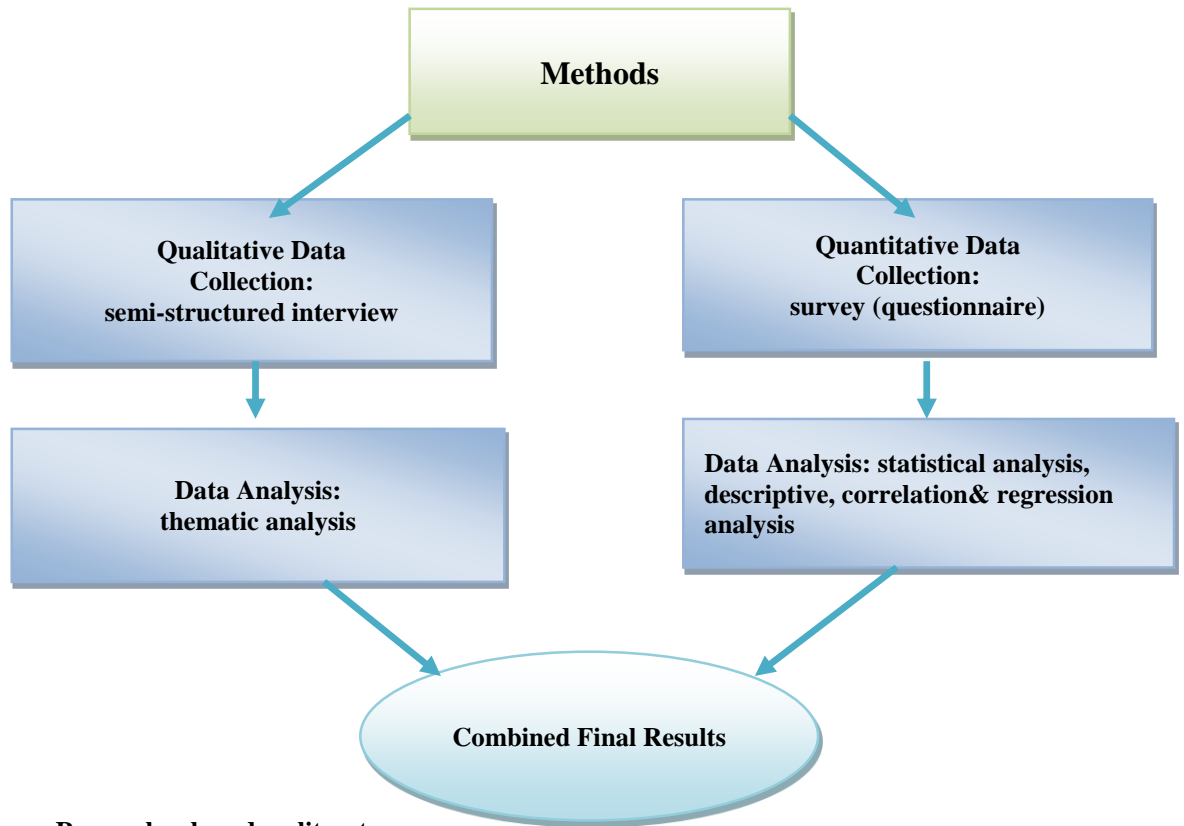
Regression analysis is employed to discover the predictive ability of a set of independent variables on one continuous dependent variable and to ascertain whether there is an existing relationship between the two main constructs of the research (the determinants of competitiveness and competitiveness) and the relationship type between the two constructs (Field, 2009). The major purpose of the study is to determine the relationships between a dependent variable and an independent variable.

v. Chi-square

According to Saunders, *et al.* (2007), chi-square is essential for comparing data observed with the expected data in line with a given hypothesis. It is also used to test the association or variability between two variables. The chi-square test states that there is no major difference between the expected and observed results, and it will always test the null hypothesis. Chi-square is used to test hypothesis 2 and also to indicate variability in decision factors and support-types in the non-traditional horticultural SME sector.

5.5.3 Graphical Representation of Research Process

Figure 5.2 Graphical representation of research procedure



Source: Researcher based on literature

5.6 Ethical Considerations

As expressed by Selltitz, *et al.* (1976, p.583), all the time, there is the danger of bias involved in interviews, largely because in "interviews there are human beings who are involved and not machines, and their manner may have an effect on their responses".

Similarly, Bell (2005) asserts that it is very easy to be biased. For instance, when one selects only those items in the literature review, which would support one's viewpoint, or by using unsuitable language which might show the strength of feeling in one direction and allowing value judgements to impact how research findings are interpreted.

The semi-structured and in-depth interview techniques employed for qualitative data collection are usually exposed to interviewer bias.

It is likely that observations of the researcher's level of tone or their non-verbal behaviour will create some form of bias in the responses from the interviewees (Saunders, *et al.*, 2007). To avoid this, it must be ensured that questions are carefully asked and non-verbal behaviours will not be suggested.

To avoid any form of bias of interpretation, one must be cautious, critical of the data interpretation and highly alert to the tendency of overweighing any facts due to internalised personal beliefs (Saunders, *et al.*, 2007). Additionally, the research must be conducted in an ethical way, ensuring that the identities of those who provided information in the course of the data collection are kept confidential and protected. It is also noted that all data and information collected during the study, are handled confidentially and used only for the academic purposes intended.

All these were adhered to by the researcher to ensure an effective process and to achieve the targets set for the research project.

Finally, it was ensured that all the ethical requirements of the research were met. The ethical standards of the University of Bedfordshire Business School and the Ministry of Information (Ghana) data regulations are complied with.

All interviews were carried out within the guidelines set by the Market Research Society. Applicable provisions of the Data Protection Act (2001) and the Human Rights Act (1998) were observed.

5.6.1 Informed Consent

With respect to conducting the interviews, the two key government departments involved in export business in Ghana, the Ministry of Trade and Industry (MOTI) and the Ministry of Food and Agriculture (MOFA), were first contacted. The next set of organisations, the Ghana Export Authority, Federation of Associations of Ghanaian Exporters, EximGuaranty, and Export Development Investment Fund, which afford widespread support to export businesses in Ghana, were also contacted and informed about the purpose of the study.

Upon the receipt of authorisation from the GEPA, emails and telephone calls were employed to make contact with prospective participants and to introduce the purpose of the study to them.

From the lists obtained, horticultural SME exporters from the non-traditional sector in Ghana that met the criteria for selection were written to, requesting their participation in the research project.

The Exporters were informed that permission to call them had been granted by GEPA, and that they were selected based on their experience and performance. The main aim of the study, the process and procedures to go through in the gathering of data, the method for data collection, the data collection instrument to be used (i.e., the audio tape recordings and handwritten notes) and the significance of the study, were all explained and made clear to them. This was to ensure that the participants understood the data gathering process in advance and to allow them to voluntarily consent to participation with the clear understanding that the study was purely for academic purposes.

5.6.2 Privacy and Confidentiality

As mentioned above (section 5.6.1), prior to the interview, calls and emails were used to seek time and the owner managers' participatory consent. Moreover all participants were given the following assurances: (a) that participants could decline involvement without any explanations and at any point in time; (b) that participants could ask the researcher questions for clarification at any time during the process; (c) that participants are assured of anonymity and confidentiality; and, (d) finally, that participants could decline to answer any questions they were not comfortable with.

It was made clear to the participants that unless they agreed, neither their personal names nor their companies would be used in the discussion. Each of the interviewees was also given a copy of the introductory letter issued by the researcher's university. The letter described the identity of the researcher and gave details of contact persons at the university, should the participants require evidence of the research study.

All the interviews were conducted in English as it was the preference of the interviewees. Ghana is a member of the Commonwealth of Nations and the English language is the main official language.

To ensure data accuracy, and also avoiding omissions and fabrications, the researcher has explicitly indicated the data source. The process of collecting data and the usage

of recorders and handwritten notes enhanced accuracy of the data gathering and analysis.

5.7 Summary

This chapter gives a thorough discussion of the philosophical and technical foundation for the thesis. Firstly, the philosophical debate on research methodology was presented, paving the way for a discussion of the qualitative and quantitative methodologies which progressed into the choice of mixed-methods as the methodology for the study. Data collection techniques deemed appropriate for the research were selected, described and justified by presenting the methodology employed to collect data (quantitative and qualitative) to assist in answering the research question. The main research questions were developed and attributed to the different levels of analysis in order to answer them.

As has already been pointed out, the study used a mixed method approach which would allow for combining qualitative as well as quantitative data collection and analysis techniques. Neither the qualitative nor quantitative method is sufficient to answer questions about this phenomenon, although both techniques combined convey a more resolute analysis.

The mixed method involves two separate phases: a qualitative phase, which included semi-structured, in-depth interviews with government officials and owner-managers of SMEs and the quantitative phase, which involved a large-scale questionnaire-based survey.

The main purpose of this research design is to use a qualitative phase to obtain information about the government and other export facilitating institutions. The qualitative phase is employed in order to understand the roles and how these institutions effectively support non-traditional horticultural SME exporters. The quantitative phase was used on a large scale to explore the determinants of SME international competitiveness.

The six hypotheses were developed to measure the relationship existing among the variables of the study.

Finally, respondents were asked to complete a self-completion questionnaire which was an appropriate method of administering the survey. The chapter presents the different statistical techniques using SPSS for the statistical analysis. Descriptive statistics, Cronbach alpha as a reliability measure, correlation analysis, and chi-square were the statistical methods chosen for the various results needed.

The next chapter focuses on the presentation of findings from the qualitative analysis.

CHAPTER SIX: THE ROLE OF GHANA'S GOVERNMENT AND OTHER SUPPORTING AGENCIES

6.0 Introduction

The chapter assesses the functions and effectiveness of government and other supporting agencies in the non-traditional horticultural SME exporters' (NTHE) sector in Ghana using the qualitative approach.

The chapter presents data analysis and findings of the qualitative phase of the research, displaying data in appropriate forms to ensure a meaningful and coherent analysis. The results are presented in terms of the qualitative methodologies employed, and the relevant contextual factors that formed the basis of the research (see section 5.5.1 above).

The chapter addresses two research questions of the study with the purpose to achieve the third objective. The research questions addressed here are as follows.

- **Research Question2**– *How effective are government policies in providing horticultural SMEs in Ghana opportunities as well as enhancing their export competitiveness? To what extent are these policies perceived to be useful by horticultural exporting firms? and,*
- **Research Question 3**–*How do the Ghana Export Promotion Agencies provide their services to SMEs in order to enhance their export competitiveness? Do the EPAs encounter constraints in their support to the NTHEs?*

These are determined to achieve the successful realisation of research objective 3:

To assess the role and effectiveness of government and the EPAs in non-traditional horticultural SME exporters' (NTHE) sector in Ghana.

6.1 Interview process

The study chose to investigate MOTI and MOFA, the two main government ministries directly involved with SME exports, and other quasi-government export supporting agencies (the EPAs) as the respondents in this study. These organisations are considered to have a broad knowledge of all the functions, their activities and operating environment of the SME export sector (Frost, *et al.*, 2002).

Both semi-structured and in-depth interview approaches were conducted with a representative of each of the six (6) non-traditional export-facilitating institutions, which play significant roles in non-traditional horticultural exports in Ghana. The facilitating institutions are the Ministry of Trade and Industry (MOTI), the Ministry of Food and Agriculture (MOFA), and the EPAs namely, the Ghana Export Promotion Authority (GEPA), the Export Development Investment Fund (EDIF), EximGuaranty, and the Federation of Associations of Ghanaian Exporters. Phase one of the qualitative research was held with the MOTI and MOFA with a broad view to identifying the extent of support government departments provided in terms of promoting horticultural SMEs exporters' competitiveness in Ghana.

The MOTI is responsible for Ghana's internal and external trade policy formulation, its implementation and monitoring. The Ministry also provides trade policy direction for Ghana's export and industry. The MOFA on the other hand, is responsible for formulating agricultural policies and providing support and training for SMEs to increase their production for export and industrial processing.

The main purpose of this study is to explore the understanding of the role the government institutions play regarding the competitiveness of SMEs in international markets, and to assess the level of services provided by MOTI and MOFA to SMEs, and the challenges they face.

Phase two of the qualitative data analysis is to present the results of interviews with the EPAs. Understanding the roles and services provided in the promotion of horticultural exports has been a major concern. The interview method employed in all cases was 'face to face'.

Following the work and tactics highlighted by Miles and Huberman (1994), the transcribed data was coded, based on the research questions. The coding allows the condensation of the data into categories (Glaser and Strauss, 1967, Maxwell, 2005).

In a qualitative study, the aim is not to add up things, but to break the data into pieces and rearrange them into categories.

As indicated above, thematic analysis was used for the qualitative analysis. It must be noted that the process of data analysis involves reading and re-assessing the transcripts

several times. The recordings were played a few times to ensure correct transcriptions have been conducted. The procedure was to identify emerging codes and categories, and to obtain a sense of general themes. According to Braun and Clark (2006), the process of using recordings to listen to the data and repeated reading of transcripts would result in data immersion. In line with Strauss and Corbin (1990), the interview transcripts are coded (see appendix 12). Coffey and Atkinson (1996, p. 26) defined coding as '*assigning tags or labels to the data, based on the concept of the study*'. Each interview transcript, therefore, was coded manually to ensure reliability (Dariau, *et al.*, 2007). The process enabled a clear and in-depth understanding of the operations of the export promotion agencies.

The next stage of the qualitative analysis involved coding the data with the help of annotations written in the margins of the interview transcriptions. Having grouped these codes into categories and then into themes, the data was then reviewed to ensure that all the initial codes were captured in the themes (see appendix 12). A new folder was created for each theme and the coded data was 'copied and pasted' into its assigned file in the folder. The data was now thematically 'arranged', while retaining their original context.

In connection with the study of Silverman (2001), 'deviant' or negative cases in the data were identified and brought to the fore; 'deviant' refers to discrepancies in the data where the examples do not fit in with original suppositions.

Having arranged the data into categories and themes, the final stage was to re-read it in order to identify patterns and connections and then attempt to interpret its meaning. It is important to note, however, that 'interpretation of meaning' was also on-going from the early coding stage with reflections on ideas and reactions to the data analysis. A reflective stance was continuously maintained throughout the analysis while remaining aware of the influence of various factors in the field, including social interactions with the participants and own assumptions about the interpretation of data.

6.2 Presentation of thematic analysis

Prior to the commencement of the analysis, recorded interviews were transcribed word-for-word. Transcribed data were then organised into easily retrievable sections. In order to identify the interviews, each interview was given a number and kept in a secured file.

The following items describe the phases involved in the process of the thematic analysis which are based on Braun and Clark's (2006) model.

Stage I: Data familiarisation: data familiarisation started during the conduct of interviews and during the process of transcription. This process involved reading and re-reading the transcripts carefully, to identify, formulate patterns (Bazeley, 2009). In addition, listening to the recorded tapes is another form of familiarisation with the data before the formal analysis began. Early thoughts about what was happening in the data suggested ways in which the data might be coded.

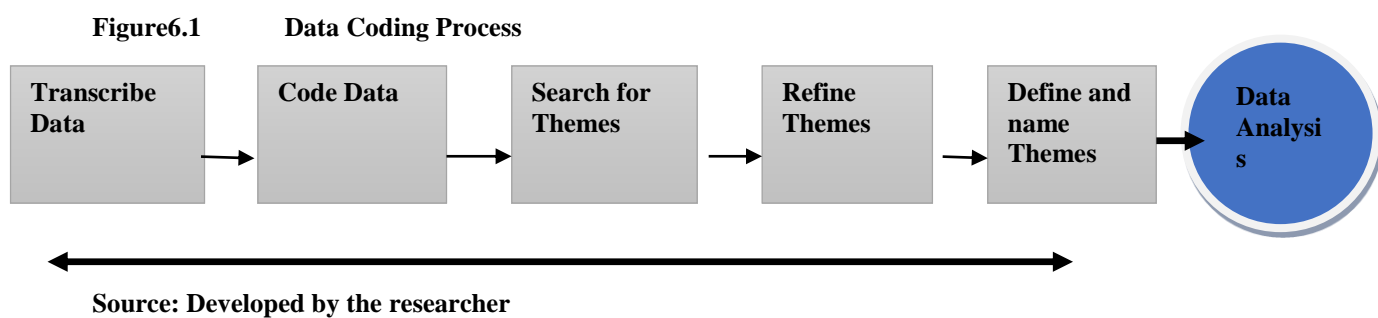
Stage II: Initial coding generation: following on from the data familiarisation, generating initial codes was influenced by the key elements of the research questions. Working deductively, codes were developed which represented ideas and concepts within relevant theories employed by the study. Williams,*et al.*, (1990) propose that researchers usually begin with some general premise derived from reading the literature and adding more themes and sub-themes as they progress with the analysis.

Stage III: Searching for themes: theme identification involved examining each case individually and identifying patterns within each interview transcript in order to discover relevant themes. These describe larger sections of the data by combining codes that are similar among the data and coding created based on one of the categories resulting from the data collected. Categories were then derived from the data, which were then reduced to four key categories.

Stage IV: Review of the themes: all initial codes related to the research questions were combined into a theme at a second stage of coding using the data-led approach; codes were allowed to emerge from the data as part of the noticing process (Seidel, 1998). Accordingly, free nodes were created for new codes which emerged. The applicability of themes to the selected extracts and to the entire data set was carefully checked.

Stage V: Theme definition and labelling: the process of developing sub-themes continued in this stage. The researcher revisited the literature and the data to be satisfied that themes had been well-defined and labelled. Searches and queries were made. Clear data patterns and data relationships emerged ready to be reported.

Stage XI: Report Writing: report writing is captured in the next section, where qualitative findings from government support institutions and EPAs based on the foregoing thematic analysis protocol had been reported. In cases where interviewees used phrases, sentences or words which were mainly revealing or opposite to the study, the interviewees have been quoted verbatim.



Thematic Analysis: Organising Themes

Project Coordinator, Marketing Managers, Project Coordinator
Policy arm of government. The trade ministry looks at the aspect of production all the way into the market. Also run a specific intervention program implement through the various divisions. Coordinate the activities of both the specialist and implementing agencies as well as our suppliers and contractors.
Provide credit guarantees to SMEs when want to access funds from their banks Government agency providing financial assistance to non-traditional export. Promotion of non-traditional export. Product development and market development Advocate case by case specific to various interest groups and certain things that concern the group activity and their interest would be taken care
We have partners who work with us and who are also on the field; that assist farmers and operators to improve their productivity and enhance their income. The African Development Bank, UNIDO provide training on technical and ISO.
Feeder roads, Ghana Standards Authority,
They are doing well just that I cannot put my hand on any figures. They have done a good job; farmers of the small ones have helped by providing for an export. The produce is performing differently. Pineapple for instance is currently facing a lot of difficulties need an intervention. It is not the best. Ghana has advantages like flying distance, but the production; we are not able to meet them.
To ensure that their productivity improves therefore we provide technical support in the country and out of the country, We provide and facilitate their travel to trade fairs and they are able to observe the quality of their competitors' produce, packaging and how they organize businesses, The government has also built pack houses to enable our exporters have access to pack houses to enhance quality of their produce. Government has invested in regulatory agencies to ensure they are able to perform their work better. We have a perishable centre so that the exporters can store their produce under the right condition. We have a fruit terminal at the Tema port where fruits in transit can be stored under optimum temperature and condition all to ensure quality is goods. Provide holistic solutions to the money problems they have.
Bringing in expertise and building local expertise are strategies that the government used, post-harvest infrastructure, Millennium Challenge Account Compact used to build roads, post-harvest infrastructure, establishment of an export development and investment fund which now become an export development and agriculture fund.
Productivity challenges that we are yet to cure, not very good at innovating, research institutions are not focused and addressing our present horticultural challenge, Financing horticultural is still a problem because we do not have appropriate horticultural financing. Have problem with land acquisition. It is very difficult to expand because banks naturally have their own perception about anything agriculture, managers of the farms or SME managers may not have the requisite knowledge to manage their own businesses. Goes down to production volumes, equally all challenges that the three sectors are facing. Finance is a problem because getting a loan attracts a high interest rate, Also land for this is used for estates. There should be proper land policies. The government does not have money to support them to a point and they must have support in other for them to be competitive. In terms of financial and logistics it is best same interest would come together so would be able to leverage unity to compete.
Knowledge capacity and skills of the operators in collaboration with the ministry of trade and agriculture and some NGOs, these would be accelerated during the export strategy implementation. Train more and more farmers particularly the small holders in the use of agro chemicals. Need to deploy more irrigation facilities and infrastructure to be able to cultivate during the dry season, which is the off season in the major market so we can supply those markets. We are in the process of developing a strategic plan. Need to be collaborating for players in the market for a holistic solution.
Banana, pineapples, mangoes, papayas, oranges, Asian vegetable which includes chillies, okra, garden eggs and the various coconuts
Ghana Export Promotion Authority, Federation of Associations of Ghanaian Exporters, Horticultural Trade Associations.

Thematic Analysis: Generating Codes

	CODES		
PROJECT COORDINATORS	Positions	<ol style="list-style-type: none"> 1. Productivity challenges 2. Agriculture expansion challenges 3. Financial challenges, 4. Expansion challenges 5. Unavailable horticultural financing 6. Land acquisition problem, 7. High interest rate 	Challenges
Coordinate the activities of both the specialist and implementing agencies as well as our suppliers and contractors.	Job Role	<ol style="list-style-type: none"> 1. Travel support 2. Infrastructure support 3. Regulatory agency support 4. Technical support 5. Storage support 	Government Support
To manage and coordinate the project to ensure that the objectives are achieved and so I supervise the general specialist that oversee the implementation of the project	Key Functions	<ol style="list-style-type: none"> 1. Credit guarantees > access funds> banks 2. Financial assistance> non-traditional export 3. Promotion> product + market development 4. Advocates 	Job Roles
We have partners who work with us and who are also on the field; that assist farmers and operators to improve their productivity and enhance their income	External Partners	<ol style="list-style-type: none"> 1. Road network investment 2. Funding strategies (Millennium challenge account) 3. Skilled development 4. Capacity building 5. K 6. 	Strategies
Feeder roads, Ghana Standards Authority, Horticultural Trade Associations, contractors' consultants.	External Agencies	<ol style="list-style-type: none"> 1. Government food security policies (the seven pillars) 2. NTHE collaboration 3. 	Future Plans

We provide and facilitate their travel to trade fairs and they are able to observe the quality of their competitors' produce, packaging and how they organize businesses,	Travel support	Feeder roads, Ghana Standards Authority, Horticultural Trade Associations, contractors' consultants.	External Agencies
The government has also built pack houses to enable our exporters have access to pack houses to enhance quality of their produce	Infrastructure support	Training about market and production, Training on agro chemicals	Training
Government has invested in regulatory agencies to ensure they are able to perform their work better.	Regulatory support		Export Investments
To ensure that their productivity improves therefore we provide technical support in the country and out of the country,	Technical support	African Development Bank, UNIDO World Bank	Donor support
Banana, pineapples, mangoes, papayas, oranges, Asian vegetable which includes chillis, okra, garden eggs and the various coconuts	Main Horticultural Export Produce	Banana, Pineapples, Mangoes, Papayas, Oranges, Asian vegetable	Main Horticultural Produce
We have a perishable centre so that the exporters can store their produce under the right condition. We have a fruit terminal at the Tema port where fruits in transit can be stored under optimum temperature and condition all to ensure quality is goods.	Storage support		
Technical supports- Bringing in expertise and building local expertise are strategies that government used,	Skill development		
Establishment of an export development investment fund which has now become an export development and agricultural investment fund.	Export development fund		
Millennium Challenge Account Compact was used to build those roads and post-harvest infrastructure,	Funding Strategies		
The African Development Bank, UNIDO provides training on technical and ISO standards so that their test would be accredited internationally	Donors		
Seven pillars of the policy food security, nutrition, security as good quality, reliability horticulture produce consumption of agricultural process	Government food security policies		
Productivity challenges that we are yet to cure, not very good at innovating,	Productivity Challenges		
Financing horticultural is still a problem because we do not have appropriate horticultural financing.	Unavailable horticultural financing		
have problem with land acquisition.	Land acquisition problem		
MARKETING MANAGERS	Position		
Provide credit guarantees to SMEs want to access funds from their banks	Provide a credit guarantee		

It is very difficult to expand because banks naturally have their own perception about anything agriculture, managers of the farms or SME Managers may not have the requisite knowledge to manage their own businesses	Expansion challenges		
Provide capacity building, train them as to how to manage their businesses, how to keep records of orders	Capacity building		
Provide a holistic solution to the money problems they have.	Government Support		
Government agency providing financial assistance to non-traditional export.	Provide financial assistance		
They are doing very well just that I cannot put my hand on the figures. The greatest challenges were the problem that the pineapple sector faces because they were the main drivers.	SME Performance		
Our institution does not look at the back end. We look at your financial needs so long as you go to the bank.	Job role		
Market research can tell them the loop holes. Then they can use it to come out with a program to enhance export competitiveness.	Market research		
We are in the process of developing a strategic plan. need to be collaborating for players in the market for a holistic solution.	Future Strategies		
Go down to production volumes, equally all challenges that the three sectors are facing.	Production challenges		
Marketing Manager	Position		
Promotion of non-traditional export. Product development and market development	Job Role		
They have done a good job. Farmers of the small ones have helped by providing for export.	SME Performance		
Give them training about the market, production etc. Import seeds because some of the seeds are not found in Ghana. Some do not have the foreign exchange to import	Training about market and production		
Finance is a problem because getting a loan attracts a high interest rate, Also land for this is used for estates. There should be proper land policies.	High interest rate		
Project Coordinator	Position		
Policy arm of government. The trade ministry looks at the aspect of production all the way into the market. Also run a specific intervention program implemented through the various divisions	Job Role		
They are performing differently. Pineapple for instance is currently facing a lot of difficulties need a lot of intervention.	SME Performance		
To be internationally competitive there are many factors to address	Support for SME		
Train more and more farmers, particularly the small holders in the use of agro chemicals	Training on agro chemicals		

Need to deploy more irrigation facilities and infrastructure to be able to cultivate during the dry season, which is the off season in the major market so we can supply those markets.			
Knowledge capacity and skills of the operators in collaboration with the ministry of trade and agriculture and some NGOs, these would be accelerated during the export strategy implementation.	Future Strategies		
Medium to large scale processes will need a different set of intervention.. The ministry is working with them to address these problems. other problem is with the land especially within the pineapple belt	Challenges Facing the sector		
Need to build up capacity utilization in the existing factories because they produce under capacity, which has to do with raw materials available and working capital availability	Capacity Utilization		
Advocate case by case specific to various interest groups and certain things that concern the group activity and their interest would be taken care	Job Role		
It is not the best. Ghana has advantages like flying distances, but the production we are not able to meet them.	SME Performance		
In terms of financial and logistics it is best same interest would come together so would be able to leverage unity to compete.			
The government does not have money to support them to a point and they must have support in other for them to be competitive.	Financial Challenges		
Our research institutions are not focused and addressing our present horticultural challenge so we have a weak research support system.	Weak research support		
Ghana has invested in improving the road networks in the growing areas so that they can reduce transaction costs	Road network investment		
Small operators are unwilling to work together as a group. So that makes it very difficult to bring them together in a manner which is efficient and they are spread all over.			

6.3 Findings from the thematic analysis

The thematic analysis helped to identify the main concepts that were obvious in the data collected. These concepts were considered as they were crucial in understanding the views of the participants.

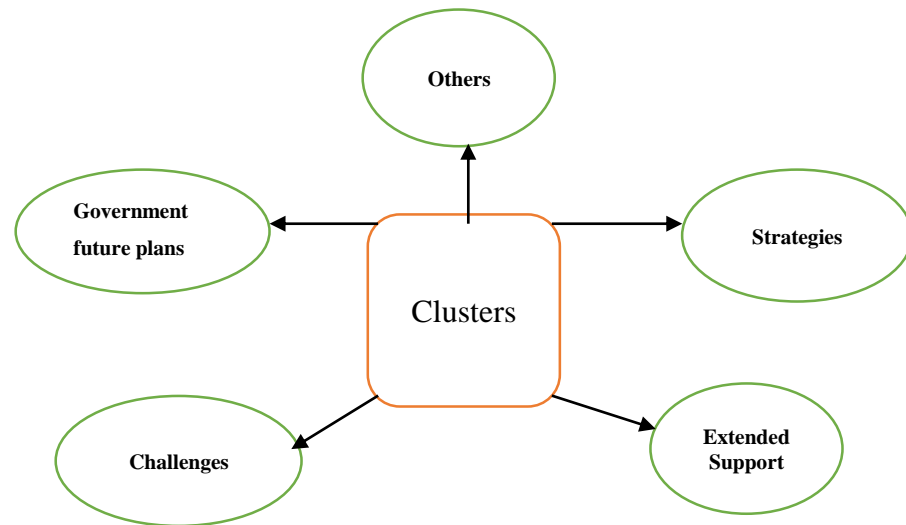
Given the inherent advantages, the data was analysed based on the six steps proposed by Braun and Clarke (2006) for using thematic analysis. The data was coded with the research questions and the theoretical framework in mind (Miles and Huberman, 1994; Braun and Clark, 2006; Saunders, *et al.*, 2007). The analysis unearthed themes within the data that emerged to become the categories for the analysis. These categories can be found in table 6.1 and figure 6.3.

Table 6.1 Framework code categories

Categories	Factors
Category 1	Quality and reliability
Category 2	Food security
Category 3	Ensure income generation for farmers
Category 4	Financial
Category 5	Expansion
Category 6	Land acquisition
Category 7	Productivity
Category 8	Exporters collaboration
Category 9	Travel
Category 10	Infrastructure
Category 11	Regulatory
Category 12	Storage
Category 13	Technical

Source: Developed by the researcher based on the thematic analysis

Figure 6.2 Initial thematic map, showing five clusters

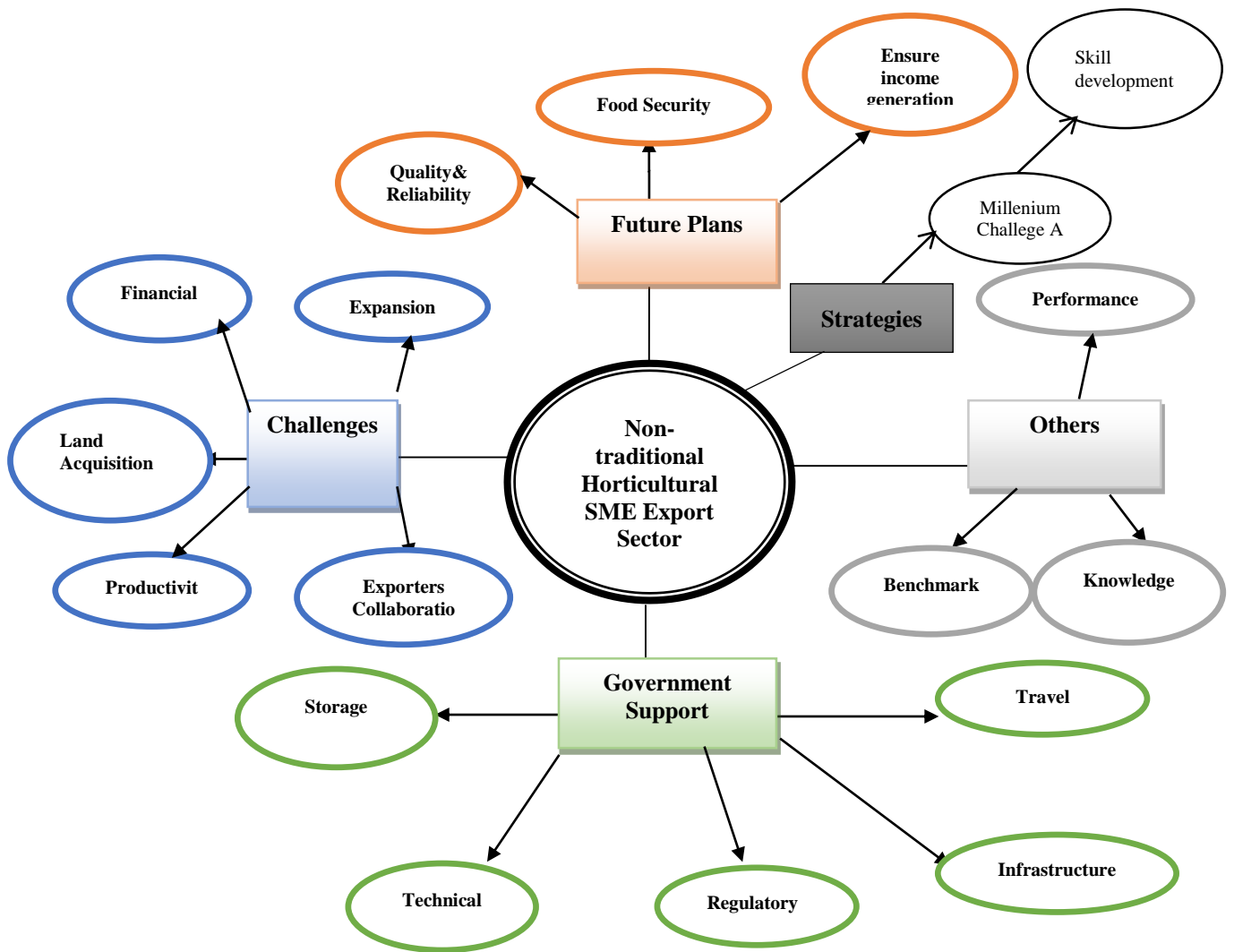


Source: Developed by the researcher based on the thematic analysis

From the data, emergent themes were identified through gathering the codes into potential themes, and collating all data significant to each potential theme. A thematic map was initially designed to illustrate the five emerged themes (figure 6.2). As agreed by Attride-Stirling (2001) and Braun and Clarke (2006), the themes derived were then organised in a coherent manner in the thematic analysis network, as shown in figure 6.3. The five key areas under which the themes are clustered are shown in figure 6.2.

Although there are other categories that overlap across these categories, the categories give better interpretation and understanding and are relative to each other.

Figure 6.3 Thematic analysis network- showing categories grouped into clusters



Source: Developed by the researcher based on the thematic analysis

6.4 Analysis of data from government ministries

This section reports the analysis and interviews conducted at the two facilitating government institutions (MOTI and MOFA) which play major roles in the horticultural export industry. The interviews were conducted using an in-depth interview approach. In order to improve the conduct of the interview, a set of pre-determined questions were sent to the two institutions ahead of the interview meeting dates. During the interviews, the interviewees raised several issues and concerns that were noted down for review.

The interview process took an average of 130 minutes for each interview, with the minimum taking 50 minutes and the maximum 180 minutes. All the interviews were recorded digitally but handwritten notes were also taken. Though the digital recorder

helped every detail of the interview conversations to be captured, the handwritten notes were done to help in asking probing questions for the interviewees' elaboration.

As McAuley (1999) suggested, all handwritten notes taken at the interviews were read and re-read at the close of each interview day and where discrepancies detected, the recording was played again for clarity. The handwritten notes provided an opportunity to ask key questions for clarification. This helped in understanding the essential events that prompted the export initiation of the firms. It also made clear the variables that have influenced the ability of firms to meet their export demands. All the interviews were conducted in the English language.

6.4.1 Interview results with representatives from MOTI and MOFA

The findings of the interviews with representatives from MOTI and MOFA are presented in the following sub-sections.

a) Performance of horticultural exporting sector

To advance the understanding of the general performance of the horticultural export sector in Ghana and the underlying logic for performance, the government officials were asked to express their knowledge about what was happening in the sector.

The interview with MOTI revealed that not all the horticultural produce is doing well in the international markets. MOTI indicated, on the performance of SMEs in the current performance of the horticultural sector, that:

'Though horticulture has a very broad front and collectively performing well, if they are taken product by product, the performances show some differences. Pineapple for instance is currently facing major difficulties and needs a lot of intervention.

I will say Ghana is known in the international market as far as agriculture products are concerned and we are quite competitive in many aspects and the time to market is in our advantage. However, we should be selective of what product to market at different periods of the year.(MOTI official).

On further examination of the current situation, it was observed that, the ministry in collaboration with their agencies have already started some support intervention

towards the horticulture sector by addressing the needs of the pineapple farmers who invariably are the commercial medium- to large-scale farmers. MOTI indicates that:

Strategically, these groups of farmers are able to cultivate relatively large tracks of lands and therefore would be beneficial to the farmers, if they are supported and encouraged to diversify away from pineapples and into certain selected vegetables or possibly yam farming which have better prospects.

The ministry further recommends that exporters/farmers should diversify into a more profitable and sustainable product like melon. Melon is considered a high value product. Exporters/farmers could diversify by using their current investment in pineapple to move horizontally into melon farming. This will guard them against fluctuations experienced in the pineapple market and enrich their cash flow because melon has a very short gestation period and could make two or more cycles annually, compared to pineapple which is harvested once or twice a year.

The two ministries (MOTI and MOFA) recognise the need to support the sector to perform in the highly competitive environment. Given the important role the sector plays in the development of the economy, it is imperative that horticultural exporting firms are well resourced and positioned to effectively compete and survive in the international markets.

b) *Knowledge of international competitiveness*

It appears that the two ministries do have the basic and clear understanding of what international competitiveness means. This view is collaborated by statements made by MOFA and MOTI representatives.

The basic understanding of international competitiveness of horticultural SMEs without recourse to technical or academic definitions is the opportunity to be able to make your product attractive and available to the consumer; to demand and pick your products more than the other products. Being competitive is the ability to attract the consumer to pick your products. If you send your products to the international market and consumers are not picking, but rather demanding other products then it means your products are not being competitive.

MOTI is of the view that to be internationally competitive, there are many factors to consider. One such factor is the availability of your product at the demand time and in the volumes as required by the buyer in the acceptable qualities. If you were able to address these three factors, then you would gain a competitive advantage provided the supplier and the buyer would agree on acceptable price, quality consistency, time of delivery and quantity to be delivered.

The results suggest there are significant perception gaps between the two ministries as far as the firms' international competitiveness is concerned.

c) *International competitiveness benchmarks/standards*

The ministries were asked to throw light on the extent to which international competitiveness is determined. It was observed that the ministries do not have clearly defined measurements or benchmarks for international competitiveness. According to MOFA, the ministries have periodically commissioned studies for the purposes of benchmarking. MOFA stated that there has been some amount of benchmarking done in terms of marking the cost structure of Ghana's pepper, okra and pineapple, and that of Costa Rica. Horticultural exporters in Costa Rica were mentioned as credible exporters who have gained global recognition in Europe in terms of good agricultural practice and could be used as a benchmark. In addition, MOFA indicated that:

The measurements are based on how interviews are conducted with the farmers and how products are accepted on the international market. MOFA also look at statistics and compare to market shares that farmers/exporters have over a number of years. Are they losing out, are they gaining market shares, are our export volumes increasing or decreasing? These are the basic things we have been doing.

Based on this evidence, it can be assumed that the ministries have not been effective in benchmarking in line with successful exporting countries, to improve the operations of horticultural exporting firms.

For instance, MOFA cited Costa Rica but appeared not to have adopted any policy from this country to improve on the competitiveness of Ghanaian SMEs. If Ghanaian horticultural exporting firms could effectively compete in the international arena, then the models and practices of Costa Rica must be adopted.

d) *Extended support for SMEs' international competitiveness*

The Government of Ghana plays a very significant role in the export sector. Based on the interviews with the officials at MOFA and MOTI, there is an indication that the government will support the sector to enhance SME international competitiveness, as indicated in the following paragraphs.

Firstly, the government will ensure that productivity improves by providing technical support to the exporters/farmers, inside and outside the country, to achieve this objective. Where the sector lacks local expertise, the government will bring in consultancy that will interact with the local expertise and provide support to farmers for productivity enhancement.

Secondly, the government facilitates exporters to travel to participate in trade fairs to enable exporters to observe the quality of their competitors' produce, packaging and how they organise their businesses, whilst identifying the main things in the country that militate against competitiveness, e.g., poor road infrastructure. For the past ten years, Ghana has invested in improving the road networks in the farming (growing) areas to help farmers reduce their production costs. It was mentioned that the popular N1 high road, which links Accra west to Accra east, was constructed purposefully to ease transportation of food produce to the Kotoka international airport and Tema harbour.

Thirdly, the government has built 'pack house' storage at the seaports and airports which are available to exporters to store their produce just before export. This storage helps maintain the quality of the produce before export. For example, perishable products stored under the right temperature conditions in the pack house facilities will maintain the product quality before export. There is also a fruit terminal at the Tema port where fruits in transit can be stored under optimum temperature and condition to ensure the quality of produce remains good.

Finally, the Government has invested in regulatory agencies to ensure that they are able to perform their work appropriately (Barthel, *et al.*, 2011; Harvey and Abor, 2009; Smith-Hillman and Omar 2005). All of these are part of strategies government has put in place to support the competitiveness of the sector. According to Awuah and Amal

(2009), the role of government programmes in countries like Bangladesh and India has been helpful in export growth and internationalisation.

e) Strategies adopted to improve the international competitiveness of horticultural products

In order to understand the government's position on the support offered to SME horticultural exporters, and to assess the extent to which these supports help improve the sector's international competitiveness, MOFA was required to identify specific strategies that would be adopted by the government to improve exporters' competitiveness. In furtherance of this, MOFA have developed and implemented different service strategies to improve the sector.

One such strategy adopted by the government was the training and building of local expertise that will support the producers and exporters with technical advice.

In addition, the government used the Millennium Challenge Account Compact (MCAC) established by the Millennium Development Authority ((MDA) for horticulture industry initiated projects such as post-harvest infrastructure initiatives, to support export marketing and quality awareness projects.

The Millennium Challenge Account has supported major horticultural firms by providing assistance in the establishment of pack houses and cooling facilities.

Although there are challenges, as part of the strategies offered by the government, the establishment of an export development investment fund, which has now become an export development and agricultural investment fund, is another strategy to make available funding for those in the export industry. This will be known as a funding strategy.

f) Government's future plans for horticultural SMEs

MOFA indicated that in the agricultural investment plan of the food and agricultural policy, the horticultural and non-traditional sectors feature prominently. This is what the representative of MOFA said on the subject:

If you look at the seven pillars of the policy, some of them are very relevant and we are talking about food security, nutritional security as well as quality,

reliability in horticulture produce and consumption of agricultural processes will go a long way to provide help to the nutritional quality of the food intake and health benefit and food security and income generation in horticultural produce and income generation of farmers and the application of science and technology and therefore must make use of the science as well as high calibre of human ability. So in the ministry it is an integral part in the foreseeable future.

g) Major challenges facing non-traditional horticultural export sector

Although there is a continuous governmental effort to facilitate and increase production of non-traditional produce for export, the sector is still facing some challenges in the areas of: finance, productivity, land acquisition and bureaucracy (long processes and procedures).

i. Financial

The non-traditional export sector in Ghana continues to encounter difficulties in accessing export finance. It became evident during the interviews that the lack of horticultural financing is a huge factor confronting the sector. It was revealed that the available source of finance is short-term horticultural financing, but long-term horticultural financing that would meet the gestation period for their produce and probably cater for their farming equipment is difficult to obtain. EDIF and EximGuaranty are the two EPAs which have been identified to provide financial support in the sector by the government. Accessing finance by the SME has been recognised as a major constraint in the Ghanaian SME sector. There do not seem to be available clear procedures for obtaining financing from the government-sanctioned financial providers for SMEs. And if there are, then there is not much awareness provided and this limits the use of these existing financing channels to the SME exporters. Lack of proper awareness may also have contributed to low level of access to the existing financial initiatives amongst SME exporters. Another concern is that not all SMEs are aware of other financial opportunities outside the EPAs (Abor and Biekpe, 2006). Do the SMEs have access or support to access such financial help? There must be some policy actions by the government players (MOFA and MOTI) to provide better information with regard to the various sources of export finance. This could be by way of an information campaign to educate the SMEs on what is available, and how to apply and pursue the existing export financing opportunities available to

the NTE sector. The criteria for eligibility must be made more flexible to allow more SMEs to meet the requirements for accessing these funds. These policy directions would help to improve Ghanaian SMEs' access to long-term financing to encourage growth in the sector. The SMEs have always struggled to find working capital to start their businesses and this issue has affected the industry in general.

ii. Productivity

Facilities for productivity improvement that allow production to expand to improve productivity in order to attain output expansion in export production do not usually exist in the horticultural SME export sector. Global market access and international trade opportunities offered by the international community, including Ghana, contribute to the export marketplace as they challenge the country's ability to take advantage of the opportunities available within international trade. The degree to which horticultural SME exporters can exploit these market opportunities depends on the facilities and conditions that exist in the sector.

iii. Land acquisition

To advance the export competitiveness of non-traditional horticultural SMEs, certain critical facilities are required, particularly agricultural land for production. Horticulture has special needs, and acquisition and tenure are problematic. As noted by MOFA, the land tenure system in Ghana is another factor confronting the non-traditional horticultural export sector.

MOFA noted that:

Acquiring land in Ghana is a big problem and you have to deal with multiples of people when acquiring land for agricultural production in Ghana.

Communities are willing to use their lands as equity rather than outright sale of the land because people are emotionally attached to their lands and become irrational when they feel they are losing it forever. They will rather see the land lying fallow than being 'taken away' from them.'

MOFA suggested that land boundaries have to be dealt with to encourage people with lands to register these lands through the Ghana Investment Promotion Authority and

MOFA. If that is done, then inventory of the lands could be taken to make purchase easier.

iv. *Exporters' collaboration*

It was also revealed that most farmers operate in small fields and their farms are spread over a large stretch of land. This makes it very difficult to bring them together in a manner which would be efficient. For instance, one farmer is located at a distance of about a kilometre of land and the next person is 2km away. The following was expressed by the MOFA official.

Linking our small operators and integrating these small operators is a challenge. The small operators are unwilling to work together as a group and it therefore becomes difficult to introduce an irrigation system for the farmers.

The Government of Ghana has initiated projects in the non-traditional horticultural sector and has invested in the irrigation system. Most farmers cannot, however, access these irrigation systems because the farms are scattered and distant from each other. This problem has prevented the government from introducing an irrigation system in the farming area.

Finally, apart from the challenges above, MOFA further stated that the local market chain is under-developed. If the local market is properly developed, there would be proper storage facilities to store fruits under the right hygienic conditions and spoilage would be reduced. Such a basic requirement would help the farmers to do the right thing.

6.4.2 MOFA on export promotion agencies and the NTHE

MOFA suggested that EPAs must understand their roles, and work in unison. Export promotion agencies must not work in isolation, but in the interest of the whole body.

They must all move towards the same direction. EPAs are expected to be proactive and show professionalism. They should be autonomous rather than depending on donors because donors would dictate their agenda and this may not be in the interest of the SMEs. EPAs must be able to lobby the government and be equal partners in development rather than being technocrats. Because they are autonomous, they have very little influence on government policies. Though EPAs have made an impact on

the horticultural export sector, they have not effectively co-ordinated to enhance the competitiveness of the SMEs. To ensure that the NTE sector becomes the real engine of growth Ghana's exports to entrench the economy as a middle income country, will require more dynamic and more competent EPAs in terms of delivering their services to the horticultural exporting firms.

6.5 Analysis of export promotion agencies

This section presents the interviews held with four (4) EPAs namely, Ghana Export Promotion Authority, Federation of Associations of Ghanaian Exporters, Export Development Investment Fund and EximGuaranty.

(a) *EPA views on the current performance of the horticultural sector*

EPA views on the performance of horticultural exporting firms were investigated as supporters of horticultural exports. To start with, in evaluating the performance of horticultural exporting firms, the representatives from EPAs were interviewed about their views on SMEs international performance. The EPAs commended SME horticultural exporters for their contributions towards the development of the Ghanaian economy since the introduction of non-traditional exports. Although SMEs were applauded for their contributions, it was observed that the performance of non-traditional horticultural export could improve.

It can be argued that the challenges facing the horticultural exporting sector are surmountable, with effective competitive strategies in place. It is through the concerted effort of the government, EPAs and the exporters together, to make this happen.

EximGuaranty, which is now known as Exim Bank, were of the view that the sector was not performing to any appreciable standard due to difficulties in obtaining financial support. This affects their operations and growth. Financial institutions have their own perceptions about agriculture, especially small-scale farming, which forms a large percentage of the sector. They see the sector as risky and are hesitant in making funding available to them.

The SMEs also experience other forms of limitation (some of which are mentioned above) such as production capacity (to meet orders from external buyers), product quality and high operational cost due to current exchange rates.

FAGE also agreed that the performance of SMEs is not great in many areas. They have observed that orders for SME products do come in their numbers and the international market is quite happy with the Ghanaian products. Besides, Ghana has the advantage of having a shorter flying distance to the EU market compared to other competitors. Yet the SMEs are unable to increase their production capacities to meet the international demand. There are too many small-scale farmers and because they are not co-ordinated, they are unable to take advantage of the strong demand.

FAGE further mentioned the issue of currency exchange rates as the Ghanaian Cedi becomes unstable.

(b) Challenges facing export promotion agencies

The following factors were revealed as some of the major issues confronting the horticultural export sector.

i. Finance

It became evident during the interviews that lack of financial resources was a major problem for the EPAs. It was observed that all the agencies lack finances as they depend entirely on the government's subvention for their operations. None of the agencies interviewed was supported by any other source apart from the government. And this may have contributed to the inadequate support given to the SMEs. A study by Winaraja (2003) states that many EPAs from developing economies are very small and informally organised and lacked the financial strength to provide a range of support to SMEs (see section 7.11; sources of finance to companies).

The following statement was captured directly from the interview transcripts:

Banks in Ghana charge a commercial rate, cumulatively nothing less than 36 % per annum. Export development and industry, agricultural funds are also charging 2.5% on loans which are acceptable, even if it is 5% or 7% I would accept, but they charge the commercial bank 2.5% and commercial bank charge us 12.5%. I do not understand this logic. It does not make sense to me. Who are they attempting to help, the banks or the farmers? It makes no sense. A commercial institute who is making money, and they have to pay 2.5% and me the farmer should pay 12.5%. I would give EDIF 5% than to give the bank 10% so that the fund can grow and more farmers can access.

FAGE in support noted that the banks offer loans for 12 months and factor in the interest rate, not compound interest. What happens is that if you ship the first consignment you would not be able to use the same amount of money to do the next shipment. You will rather need a business that can earn twice the interest so that you can pay and still export, because by 6 months they have taken their interest and money back.

The study revealed that EPAs felt that the horticultural SME exporters are not receiving adequate support from the financial institutions in terms of loans. It was noted that the government has provided financial support through EDIF for export development in the NTE sector and had supported the entire NTE sector since the 1980s in various areas as explained in Chapter 2.

In support of their claim of inadequate government support, EPAs expressed that access to export finance and specific markets in the EU remained key problems to horticultural exporters, whilst the high cost of input suppliers and poor infrastructure such as storage and processing still obtained. EPAs share the view that the government should support them more directly, with increased production and technical support as well as concessions as in other countries. Horticultural SME exporters called for more technical and infrastructural support in view of the high risk associated with agricultural produce.

ii. Production capacity

EPAs revealed that many exporters lack production capacity to meet orders from abroad.

GEPA suggested that lack of production capacity to meet demand can be attributed to the inability to secure land for farming. GEPA expressed worry about the situation where farm lands are used for estate development. GEPA further stated that in order to address this situation, there should be proper land policies.

EDIF also suggested that SME exporters should leverage on their production volume, otherwise they would not be sustained in the market, and should be seen to be working together rather than competing amongst themselves. They seem to be pulling each other down and falling down together. They need to come out as one and to meet the outside market. The Ghana National Chamber of Commerce and Industry should be

seen in the front line to help educate their SME members on the advantages of the export market.

(c) Extent of EPA support for SME export competitiveness

EPAs were asked to indicate the type and extent of support they provide to horticultural exporting firms. GEPA outlined a catalogue of services it provides to exporters. These include provision of training and information about markets and production. Sometimes they do import seeds for the SMEs because some of the seeds are not found in Ghana. Also, some of the SMEs find it difficult to obtain foreign currency for their imports. EDIF mentioned that it does not look at the back end. EDIF engages with the SMEs to develop their credit worthiness for access to finance and for infrastructural needs of the SMEs. Thus, as long as the exporter goes to the bank and is able to convince the institution that they do export business, as an institution, EDIF tries to give grants, which are meant for the association and government agencies to support the SMEs' exports.

FAGE surprisingly stated,

We know our problems and we have our solutions. But FAGE has its own challenges which are non-profit organisation so any other activity you outsource is not for free. If you want to bring in people as staff, it is not for free, but the law says FAGE is a non-profitable organisation so it is difficult to do what we want to do. We have now sourced finance for our operations. It makes it difficult for FAGE to do what we actually must do and to have an impact on our members.

EPAs have the responsibility to develop the NTE horticulture sector, and to assist the exporters. Although they have made an impact on the NTE sector, EPAs have not effectively co-ordinated the SMEs to deliver competitive produce for exports. It can be said that the EPAs have not been effective in benchmarking with successful exporting countries to enable them improve on their performance and competitiveness. They need to co-operate with each other in terms of formulating policies that can stimulate the horticultural exporters into world-class exporters. It would be difficult to take the horticultural export sector forward if they cannot co-ordinate and operate as one body.

FAGE has a responsibility to advocate and to co-ordinate and improve the operations of horticultural exporters, but has not successfully achieved it. Similarly, the situation confirms the view of Hogan, *et al.* (1994) that trade promotion agencies in developing countries are ineffective because they have inadequate funding, are too bureaucratic, are not client-orientated, and usually have persistent government involvement. In fact, according to Selassie (2012), on many occasions EPAs in particular have not proved suitable for emerging needs. It can therefore be concluded that ensuring the NTE sector becomes the real engine of growing Ghana's exports and becomes competitive in the international markets and in entrenching the economy as a middle income country, requires more dynamic and more competent EPAs.

(d) *Future plans for SME competitiveness*

The EPAs were asked to comment on the future plans for the exporting firms. EDIF expressed that it is in the process of developing a strategic plan, but for it to be effective there is the need for collaboration with players in the industry to achieve a holistic solution. GEPA indicated that they have a meeting where they are looking at areas where they are lacking.

EximGuaranty has been working directly with the banks and sometimes meets with the SMEs to build their capacities. EximGuaranty would like to target the SMEs, provide them with the required financial information to support them in their decision to take a loan from the bank. That is, they would prefer the SMEs to meet with them first before they approach the banks for any financial assistance. They are also ready to provide advice on management of SMEs' finances.

6.6 Summary

The chapter has discussed the outcomes of qualitative aspects of the study. This has been done by examining the results and highlighting the main findings of the current study, and more importantly, demonstrating an understanding of the role of export facilitating institutions in the non-traditional horticultural SME sector by looking at the impact of support offered by the Ghanaian Government and EPAs to the non-traditional horticultural SME exporters.

The qualitative part of this study consisted of in-depth and semi-structured interviews with a sample of six export facilitating institutions. A purposeful sampling method

was used. These interviews revealed the following about MOTI, MOFA, and EPAs' services provided to non-traditional horticultural SME exporters.

- There is a lack of adequate cost-efficient sources of non-traditional horticultural SME export financing, which is considered to be the main and a critical hindrance facing the sector in Ghana while trying to export.
- The study revealed that many exporters lack production capacity to meet orders from abroad. Lack of production capacity to meet demand can be attributed to the inability to secure land for farming.
- Though EPAs have made an impact on the horticultural export sector, they have not effectively co-ordinated to enhance the competitiveness of the SMEs. To ensure that the NTE sector becomes the real engine of growth Ghana's exports to entrench the economy as a middle income country, will require more dynamic and more competent EPAs in terms of delivering their services to the horticultural exporting firms.
- Most farmers cannot access the government-initiated irrigation systems because the farms are scattered and distant from each other. This problem has prevented the government from introducing an irrigation system in the farming area.

CHAPTER SEVEN: QUANTITATIVE STUDY OF THE DETERMINANTS OF THE NON-TRADITIONAL HORTICULTURAL SME EXPORTERS' COMPETITIVENESS

7.0 Introduction

The chapter presents the analysis and outcome of the quantitative study conducted with NTHes to explore the determinants of their international competitiveness.

The interviews conducted with the government ministries (MOTI, MOFA) and the EPAs (GEPA, EDIF, EximGuaranty, FAGE) have helped in understanding the

services provided to non-traditional horticultural SME exporters (see sections 6.5.1 and 6.6).

To determine the competitiveness of NTHEs in the export market and to be able to answer research question 1, the impact of the determinants of NTHEs competitiveness is investigated.

Research question 1 has been addressed through the questionnaire-based survey.

Research Question 1: What factors determine NTHE's competitive advantages in international markets and to what extent do these factors enhance or inhibit the competitiveness of horticulture exporting firms in Ghana?

Firstly, the descriptive statistics obtained from the empirical study are analysed and presented in table format representing measurements of percentages, frequencies, mean, standard deviation, as well as dispersion.

The non-traditional export sector is considered to be a promising sector in Ghana and provides a setting for the study of competitive strategies. This study is aimed at improving the export competitiveness of the NTHEs in developing economies such as Ghana.

A simple random sample of 160 NTHEs was selected from the list of firms provided by the GEPA. The respondents were individuals (managers) in the NTHEs who were responsible for making export decisions. A total of 105 completed questionnaires were received out of the 160 sent out to the selected NTHEs. Thus 105 respondents participated in the survey and their responses were used for the analysis of the study.

Non-response can be a serious problem in survey research. Non-response can bias the survey data, especially in social research where response rates are low. Non-response may be due to lack of motivation, education, intelligence and interest in the topic of the survey. According to McCarty (2003), some studies have suggested that the outcome of non-response might not be as pronounced as it were once thought, and low response rate might not in actual fact indicate bias.

The chapter is divided into two sub-sections: (a) **descriptive statistics**, which basically describe data and distributions in standardised, normally in pictorial ways

(e.g. mean, standard deviation, graphs, charts and tables); and (b) **inferential statistics** which show how decisions on variables are related. As mentioned in section 5.5.2.7, quantitative data are analysed statistically by the use of SPSS, regression and Chi-square.

The descriptive statistics are used to summarise data in a manner that can be interpreted quickly and easily (Scott and Mazhindu, 2005). This subsection reports on the NTHes' profiles, number of years in the business, innovative activities adopted by NTHes, access to finance, type of support received from government, perception of entrepreneurial orientation, as well as the exporters' internet usage. These results have been demonstrated by using frequency tables and cross-tabulations. The presentation of results begins with descriptive statistics in which frequencies and cross-tabulation were used.

- **Frequency statistics:** Frequency distribution describes how regularly a particular variable occurred. Tables and bar charts are used to present this information. All questionnaires are examined in this section.
- **Correlation:** relationship testing was performed by using *Pearson correlation* to test the relationship between two variables.

A cross-sectional research design was employed for this study to cover different NTHE product areas, namely: mangoes, papayas, pineapples, bananas and vegetables. The study using a simple random sampling method was applied to select sample from the data (the list of various NTHes).

The questionnaire was prepared and different types of questions were included. For instance, a five-point Likert scale question type was used in some cases to elicit the degree of agreement and disagreement. A five-point Likert scale with 1 'strongly disagree' and 5 'strongly agree' were employed for the measurement of the variables.

7.1 Profile summary of horticultural exporting firms

The tables in this section describe the profiles of SME exporters who took part in the survey: position (table 7.1), highest qualification of respondents (table 7.2), number of years in the export business (table 7.3), and export strategies (table 7.4).

(i) Respondent's position

The most popular title of respondents surveyed was Managing Director followed by Export Manager with a percentage frequency of 47.6% and 27.0%, respectively. This means that 74.6% of responses were obtained from key informants presumed to have deep knowledge and insight into the export business, and are considered likely to provide reliable and authentic information and responses.

Table 7.1 Respondents' position

Respondent's position	Frequency	Percentage
Managing Director	50	47.6%
Assistant Managing Director	21	20.0%
Production Manager	4	3.8%
Export Manager	29	27.0%
Administration Officer	1	1.0%
Total	105	100%

Source: Field survey, 2014

(ii) Respondents qualification

In terms of respondents' educational background, the Bachelor's degree was the modal qualification with a percentage frequency of 53.3%, followed by a Master's degree with 20.0%. Thus, these two categories, forming almost three-quarters of the respondents (77) with a combined percentage of 73.3%, have obtained first and second degree qualifications. This is contrary to the observation by Buatsi (2003) that the majority of exporters in Ghana have not obtained higher education qualifications needed to inspire greater confidence in their business dealings. This level of literacy attained by nearly three-quarters of SME exporters has positive implications on how horticultural SME exporters can competently engage in export business; adopting modern business techniques, understanding export contracts and confidently communicating with foreign buyers and partners. Graduates are perceived to be more intuitive, more analytically-minded and more confident than secondary school/college leavers. It is quite clear that Ghana's NTHE sector is dominated by the calibre of exporters required for the current complex global business environment. The lowest educational level reported was the GCE O-Level (GCSE in the UK) (1.0%), reflecting a small number of low qualifications in Ghana's NTHE export sector. Respondents who stated non-formal education and diploma had the same frequency values 12, both representing 11.4%.

Table7:2 Respondent's highest qualification

Respondent's Qualification	Frequency	Percentage
Masters degree	21	20.0%
Bachelors degree	56	53.3%
Diploma	12	11.4%
GCE A level	1	1.0%
GCE O level	3	2.9%
Non-formal	12	11.4%
Total	105	100%

Source: Field survey, 2014

(iii) Respondent's years in export business

With regards to the number of years that respondents have been in the export business (see table 7.3), the analysis revealed that 81 respondents, representing over 77% of the NTHes have been in the export business for more than 10 years. It is safe to say, therefore, that a large number of the NTHes have a considerable number of years' experience in export business. This confirms that the non-traditional horticultural SME exporter sector in Ghana is currently dominated by experienced exporters. Penrose's (1995) theory contends that international knowledge is subjective and based mainly on experience gained accumulatively from market activity. In connection with the view of Blunck and Martin (2011), most firms slowly proceed from the 'known' to the 'unknown'. Simon (2007) also states that organisations slowly gain experience and subsequently develop them further into a methodical approach based on organisational learning. Internationalisation is a learning process characterised by a chain of improvisation, trial and error, and strongly depends on the initiatives of key employees.

Table 7.3 Years in export business

Years	Frequency	Percentage
1 - 5	7	6.7%
6 - 10	17	16.2%
11 - 15	48	45.7%
16- 20	23	21.9%
Over 20	10	9.5%
Total	105	100

Source: Field survey, 2014

(iv) ***Respondents' export strategies***

As shown in Table 7.4, 57 respondents stated that they receive regular export orders and intend to increase the frequency, representing 51.8% of the total NTHEs. Also, respondents who receive occasional orders for export were 26, representing 23.6%.

Those who stated they are developing their overseas customer base were 11 (10%). The rest are respondents who stated they have a well-developed international business and are committed to international expansions. These are 8 firms and represent 7.3%.

Table 7.4 Export strategies

Export strategy	Frequency	Percentage
We receive occasional orders for exports, which we intend to improve upon	26	23.6%
We receive regular export orders and we intend to increase the frequency	57	51.8%
We are developing our overseas customer base	11	10.0%
We have a well-developed international business which is committed to international expansions.	8	7.3%

Source: Field survey, 2014

(v) ***The size of the NTHE***

Literature has established the fact that the larger the firm's size, the better opportunity it has to enter international markets (EC, 2007). A study conducted on 9,840 SMEs from 33 European countries, concluded that not only the involvement in international activity, but also the mode of internationalisation is related to the size of the firms.

Table 7.5 shows the different intervals and the employee numbers of the NTHEs. From table, 71 NTHEs representing about 68% of the total, have 20 employees or more. A considerable majority of the respondents in this study therefore has more than 20 employees.

Table 7.5 The size of the NTHE

Number of employees	Frequency	Percentage (%)
<6	5	4.76
6–10	1	0.95
11–15	14	13.33
16–20	14	13.33
21–25	15	14.30
26–30	20	19.05
31–35	4	3.81
36–40	10	9.52
>40	22	20.95
Total	105	100

Source: Field survey, 2014

Due to the challenges of limited resources facing most SMEs operating and competing in the global markets, special attention has to be given to the SMEs in this perspective. A study conducted by Bonaccorsi (1992), in an analysis of data from five national studies of small exporters in Italy, questioned the assumption the direct relationship among a firm's resources, export behaviour and performance. The author argued that this was misleading on the basis that firms with equal magnitude and quality of resources might well select different exporting strategies. Strategies, therefore, should be a mediating variable in the relationship between the export behaviour and the resources of the firm, not the size of the firm. In harmony with the view of Knight and Cavusgil (2004), firms that are deficient in terms of resources can still display excellent performance once the entrepreneurial capability is joined with extant resources. SMEs could still leverage knowledge-based capabilities to perform well in the international market, even in the face of limited tangible resources.

(vi) Total annual exports

Table 7.6 shows the total annual export of NTHEs. The trend of NTHE exports shows a negative change in export earnings from year to year. For instance, for the years 2011 and 2012, the number of NTHEs whose exports were US\$100,000 or below increased from 37.1% to 43.8%, an increase of 6.7%. For the years 2012 and 2013, the percentage of change was from 43.8% to 59.0%, representing a yearly change in that period of 15.2%. This shows a more than 50% change from the period 2011–2012 to 2012–2013 ($15.2\% - 6.7\% = 8.5\%$). This is a negative trend which

shows a continuous decrease of export earnings for most of the NTHE members, as more and more of the NTHEs cannot earn more than US\$100,000.

Table 7.6 Total Annual Exports 2011–2013

Total Annual Exports of the NTHE	2011		2012		2013	
	Freq.	%	Freq.	%	Freq.	%
≤ \$100,000	39	37.1	46	43.8	62	59.0
\$100,001- \$500,000	28	26.7	40	38.1	24	22.9
\$500,001- \$900,000	23	21.9	4	3.8	5	4.8
>\$900,000	10	9.6	11	10.5	11	10.8
N/A	5	4.8	4	3.8	3	2.6

Source: Field survey, 2014; (N/A: Non availability of data).

The trend could be due to the following reasons, that:

- NTHEs are not getting enough support from government embassies abroad to operate successfully in the foreign markets;
- NTHEs do not employ effective means to build and use trust-based networks to establish relationships with foreign partners to enhance their capacity to compete effectively in the global markets; and,
- horticultural SME exporters may be experiencing trade barriers in foreign markets.

(vii) Export destination countries

Table 7.7 shows that 16 out of the total respondents, representing only 15.2% of the sample, operate in four (4) or more export markets. This figure is very low. The more exposure (access to more export destination countries), the more a foreign contact network would be established and the more foreign trade experience would be gained by the NTHEs. The same reasons as given above (see table 7.6 Total Annual Exports 2011–2013), could be attributed to the trend here.

Table7.7 Export destination countries

Countries	Frequency	Percentage (%)
1	16	15.2%
2	39	37.1%
3	34	32.4%
4	7	6.7%
5	2	1.9%
6	3	2.9%
7	3	2.9%
8	1	1.0%
Total	105	100.0%

Source: Field survey, 2014

(viii) Innovative activities adopted by NTHes

Table 7.8 shows innovative strategies adopted by the NTHes for competitive advantages. The respondents therefore were asked to rate the items on a scale from 1 to 5 ('Not at all' 1 to 'extremely helpful' 5). The innovative activities with the highest mean value were application of research findings of research institutions with a value of 4.19 and a range of 3 meaning respondents chose between (a minimum of 1 and a maximum of 5). The second innovative activity of the NTHes was co-operation with university and other research organisations with a mean value of 3.57.

Table7.8 Innovative activities adopted by NTHes

Innovative Activities	N	Range	Min	Max	Mean	SD
Availability of R&D unit	105	3	1	4	2.06	1.090
Availability of specialized staff for R&D	105	4	1	5	1.81	1.030
Application of research findings of research institutes	105	4	1	5	4.19	0.097
Professional training of R&D specialized staff	105	4	1	5	1.77	0.940
Cooperation with universities and other research organisations are actively pursued	105	4	1	5	3.57	1.252

Source: Field survey, 2014

(ix) Sources of finance to NTHes

The study revealed that most of the NTHes use their own sources of funding for their activities (see table 7.9). Respondents in this case were asked to rate the items on a scale from 1 to 5. This is indicated by the highest mean value of 4.69 with a range of 3. The next major source of funding for SME's was bank loan as working capital with a mean of 2.15, followed by government funding of 1.89 and other sources of finance at 1.85, respectively. In the table, bank loan for research and venture capital are the least sourced finance for the NTHes with mean values of 1.08 and 1.06, respectively.

Table7.9 Sources of finance to your company

Financial Instruments	N	Range	Min	Max	Mean	SD
Investment bank loan	105	3	1	4	1.37	0.62
Bank loan for working capital	105	4	1	5	2.15	1.67
Bank loan for special purpose such as research	105	2	1	3	1.08	0.37
Overdraft	105	2	1	3	1.43	0.69
Credit card	105	1	1	2	1.25	0.43
Financial leasing (for purchase of equipment, automobiles)	105	1	1	2	1.42	0.80
Venture capital	105	2	1	3	1.06	0.31
Loan from family and friends	105	4	1	5	1.92	1.39
Owner(s) own finance	105	3	2	5	4.69	0.59
Government funding	105	3	1	4	1.89	1.19
Other sources						

Source: Field survey, 2014

(x) International trade events

The study revealed that NTHes make use of foreign trade fairs to promote their products. As shown in table 7.10, this has the highest mean value of 4.16. International business conferences with a mean value of 3.82 followed and investments in building company's brand had a mean value of 2.82. The least undertaken promotional event by the NTHes was the review and assessment of foreign promotional processes in developing competitive advantage.

Table7.10 International trade events

Trade events	N	Range	Min	Max	Mean	SD
a) The company makes use of foreign trade fairs in promoting awareness of goods	105	4	1	5	4.16	0.78
b) The company uses international business conferences in promoting goods	105	4	1	5	3.82	1.24
c) The company is investing in building a own brand name internationally	105	4	1	5	2.84	1.28
d) The company reviews and assess foreign promotional processes in developing competitive advantage	105	4	1	5	2.69	1.17

Source: Field survey, 2014

(xi) ***Entrepreneurial orientation components***

To measure the nature and level of the entrepreneurial orientation (EO) of the NTHes, four components of EO as delineated by Zara and George (2002) were considered. The NTHes were required to rate these components based on their perceptions of EO on a scale from 1 (very low) to 5 (very high). Entrepreneurial level of NTHes considers the decision-making activities, practices and processes towards international business. From table 7.11, the analysis reveals that almost all the managers mentioned entrepreneurial-level characteristics such as innovativeness, risk taking, pro-activeness and competitiveness. Among the EO components, the exporters perceived risk taking as the highest EO factor within their international operation (mean=4.42, SD=0.73). According to Miller & Friesen (1982), risk taking is linked with the willingness of a firm to invest more resources in projects where the cost of failure is likely to be high. It also implies investing in projects where results are unpredictable. This mainly shows the willingness of the company to break away from the 'tried-and-true', and venture into the unfamiliar terrain.

The link between a firm's performance and risk-taking, is not always apparent. McGrath (2001), however, posits that 'tried-and-true' strategies may lead to high mean performance, and that risk-taking strategies may lead to performance variation where some projects might succeed and become more profitable in the long term, whereas others would completely fail.

The evidence means that there are risk-taking factors associated with the Ghanaian non-traditional horticultural SME export business. The implication here is that an exporter should possess a risk-taking behaviour in doing business within Ghana and be ready to show a higher amount of risk-taking behaviour beyond the borders of Ghana. Some findings with regards to firms' attitudes towards international risk-taking support, were found in Vietnam (Thai & Chong, 2008) and in China (Zheng *et al.*, 2009). Pro-activeness (mean=3.81, SD=1.1) was the least factor. Wood and Robertson (1997) examined the relationship between proactive and reactive strategic orientation and export success in a sample of 137 SME manufacturers in the USA. They suggested a proactive strategic orientation was the starting point for the export success of a firm and that the commitment of a firm to analysing its foreign markets combined with a

desire to beat the domestic competition was a demonstration of a proactive strategic orientation.

Table 7.11 Entrepreneurial orientation components

Entrepreneurial Orientation	N	Range	Min	Max	Mean	SD
Innovative	105	4	1	5	3.85	0.82
Pro-activeness	105	3	2	5	3.81	1.10
Risk Taking	105	3	2	5	4.42	0.73
Competitiveness	105	4	1	5	4.19	0.67

Source: Field survey, 2014

(xii) Purpose of internet usage by the NTHE

NTHes were required to describe the purpose of their internet usage, based on key internet usage factors by exporters (Hinson, 2006). The rationale was to discover current usage types among these exporters in Ghana and to discover whether the internet is being used effectively.

Recently, SMEs are rapidly recognising the importance of the internet in their day-to-day operations, and many SMEs are investing in more technology (OECD, 1999).

A study by Adam, *et al.* (2002) that compared three studies carried out in the UK, Australia and New Zealand revealed that UK firms outperform firms from the other two countries with respect to the strategic use to gain competitive advantage. Similarly, McCue (1999) studied the experiences of 15 small firm exporters in the USA as their products marketed on the internet attracted more customers over some time.

The above studies confirmed the study of Oviatt and McDougall's (1999, p.29) that *the internet may greatly decrease the time to internationalise and may increase the level of internationalisation among the small businesses of the twenty first century.*

The study, however, reveals that non-traditional horticultural SME exporters are not actively exploiting company websites as a mechanism for improving competitiveness. Many SMEs in Ghana still use simple traditional technologies and mostly use them to send and receive emails as indicated in table 7.12.

From the table, the most important reason for internet usage by small exporters is to send and receive mail (mean=4.64, SD=0.59), followed by identifying buyers and

marketing opportunities with a mean value of 3.69 and standard deviation of 0.72. Other uses of the internet are communicating with buyers through Skype, company websites and online sales, contacting overseas customers and suppliers, as an information source (e.g., identifying foreign competitors, potential customers) and tracking shipments to destination markets with mean values of 3.24, 3.61 and 3.19, respectively. It can be said that though the use of the internet is more for sending and receiving emails and documents, the NTHes use the internet considerably well for other purposes. This implies that the exporters that adopt the constituent technologies of the internet should benefit from internationalisation and increase their market share.

Table 7.12 Internet usage by SME exporters

Internet Usage	N	Range	Min	Max	Mean	SD
Send and receive e- mails and documents	105	4	1	5	4.64	0.59
Communicating with buyers abroad through Skype	105	4	1	5	3.24	1.10
Tracking shipments to destination markets	105	4	1	5	3.19	1.32
Company's websites and online sales	105	4	1	5	3.61	0.83
Identifying buyers and marketing opportunities	105	3	1	5	3.69	0.72

Source: Field survey, 2014

(xiii) Government support policies as perceived by the NTHes

The NTHes were asked to rate the usefulness of government policies on a scale from (1= not very useful to 5= very useful). From Table 7.13, the government policy with the highest mean value is received: *a) export trade information* with mean value of 3.63; followed by, *b) support from export association* with 3.59 mean; and, *c) advice from government centres* with a mean value of 3.51.

The government policies of least importance, according to the NTHes, were *h) support from high commissions abroad*. This support service, though available, is difficult to access.

It was expected that the NTHes would rank the service offered by the government in the form of export trade information as the most useful to them (see section 6.5.1 d). This is however not as perceived by the NTHE exporters. NTHes mentioned services such as advice from government centres, export trade information, technical/production support and support from export associations as inadequate and not helpful. Export finance and support from state government were rated with mean

values of 1.94 and 1.99, respectively. This does not corroborate with the government's assertion that the NTHes are being given relevant and adequate support. The EPAs, not the government, mentioned that they lacked financial resources and cannot always give relevant support to the SMEs.

Table 7.13 Government support policies as perceived by the NTHes

Government policies	N	Range	Min	Max	Mean	SD
a) Advice from government centres	105	4	1	5	3.51	1.02
b) Support from Export Association	105	4	1	5	3.59	0.89
c) Export Trade Information	105	4	1	5	3.63	8.84
d) Technical/Production support	105	4	1	5	3.27	1.07
e) Support from the state Government	105	3	1	4	1.99	1.06
f) Participation in exhibition	105	4	1	5	3.08	1.27
g) Sourcing export finance	105	3	1	4	1.94	1.04
h) Support from Ghana High Commissions Abroad	105	3	1	4	1.65	0.79
i) Solving problems abroad	105	3	1	4	1.66	0.78
j) Others (e.g. support from foreign countries)	105	4	1	5	1.95	1.21

Source: Field survey, 2014

The purpose of this section was also to explore detailed analyses of factors such as respondent's position and qualification, level of export involvement, government policies, sources of finance, etc., to determine the international competitiveness of NTHes based on the descriptive statistics generated by the data obtained from the questionnaire. An in-depth analysis is done, and the most relevant findings explored.

The next subsection of the quantitative study presents an inferential analysis, to explore whether there are relationships among the determinants.

7.2 Inferential analysis of the competitive determinants

As it was not possible to prove relationships in depth and test hypotheses from descriptive statistics, this section introduces and discusses more sophisticated methods to analyse the data and investigate whether relationships portrayed by the descriptive analyses are scientifically acceptable or not. The statistical test was run to test the hypotheses and finally multivariate techniques. Appropriate tools such as Pearson correlation, regression and Chi-square test have been used to describe the extent of relationships among these variables.

7.2.1 Reliability of the research constructs

To examine the reliability of the scales used in the analysis the Cronbach's alpha test was performed. According to Nunnally and Bernstein (1994), a Cronbach's alpha of 0.7 or higher is considered appropriate.

Reliability is said to be the consistency of a measure of a given concept (Bryman, 2004). The reliability of a certain scale specifies the extent to which it does not include random error (Pallant, 2001; Malhotra, 2003).

In the context of survey research, reliability refers to the question of whether the answers of respondents can be trusted and the ability of the measuring instrument to report the same value in successive observations of a given case (Babbie and Halley, 1995). Reliable instruments are vigorous; they work well at different times under different conditions. This dissimilarity of time and condition is the basis for different perspectives of reliability, mainly stability, similarity and internal consistency (Cooper and Schindler, 2003).

The main aspect of reliability which concerns this study is internal consistency which is the extent to which items of a scale hang together and the degree to which these indicators that constitute the scale are consistent. Cronbach's alpha (α) is considered the most appropriate measure of internal reliability relevant to multiple item scales (Bryman, 2004).

In accordance with Churchill (1979), it should be the first measure used for assessing the quality of an instrument. Cronbach's alpha depends on the inter-item correlation and calculates the average of all possible split-half reliability coefficients (Schlegelmilch, *et al.*, 1996).

As shown in table 7.14, the various competitive factors, such as government policies had Cronbach's alpha of 0.82. According to Nunnally and Bernstein (1994), a Cronbach's alpha of 0.7 or higher is considered appropriate. The other factors of innovative activities, access to finance and technology, although not higher than 0.7, were approximately equal to 0.7 with the exception of trade promotion with an alpha of 0.61. The table shows the values of the test for each variable.

Table 7.14 Cronbach Alpha Test

Factor	N	Cronbach's α	Mean	SD
Innovative activities	4	0.66	9.06	3.06
Access to finance	10	0.68	14.13	4.6
Trade promotion	4	0.61	13.66	3.26
Technology	6	0.69	22.02	3.4
Government Policies	10	0.82	27.0	6.3

Source: Field survey, 2014

The alpha coefficient should have values between 0 and 1 where 1 denotes perfect internal reliability and 0 representing no internal reliability. The figure 0.82 is typically employed for an acceptable level of internal reliability and the reliability of 0.7 or higher is considered to be satisfactory in most social science studies (Nunnally, 1978).

7.2.2 Data Screening

A rigorous examination of the data was conducted which took place directly after entering the data into SPSS. And this was followed by performing the actual analysis. In accordance with the definition of SME and the criteria for selection adopted for this study, firms with more than the required total income or with larger employee size, were excluded from the dataset.

7.3 Analysis of the Quantitative Data (Estimation, Correlation & Regression)

7.3.1 Correlation Estimates for Selected Relationships

Pearson correlation was employed to explore the direction and strength of the relationships between the variables. Pearson correlation coefficient (r) takes the values from -1 to +1, where +1 means perfect positive correlation, and -1 means perfect negative correlation. According to Pallant (2007), a perfect correlation of either -1 and/or +1 means that the value of one variable can be determined just by knowing the value of the other variable, while the zero correlation means no relationship exists. Furthermore, positive correlation implies that as one variable increases, so does the other, and the reverse is true with regard to negative correlation. From table 7.15, the correlation matrix shows that there is no strong correlation among the independent variables. The presence of correlation among any independent variables is an indication of auto-correlation, which is a cause for concern for the independence of the variables.

Table 7.15 Correlation Matrix

	Constant	INV	FIN	TRP	ENT	GOVT	TECH	NOC
Constant	1.000	-0.037	-0.544	0.046	-0.753	0.133	-0.494	0.355
INV		1.000	0.142	-0.037	-0.117	-0.196	-0.267	-0.212
FIN			1.000	0.125	0.414	-0.225	-0.122	-0.167
TRP				1.000	-0.185	-0.124	-0.309	0.154
ENT					1.000	-0.354	0.160	-0.078
GOVT						1.000	-0.068	0.179
TECH							1.000	-0.592
NOC								1.000

Source: Computed using SPSS

7.3.2 Results of hypothesis testing

Testing hypotheses is an important part of statistical inference. The choice of statistical test depends on the assumed probabilistic model and the hypothesis under question. Hypothesis testing helps to infer whether variables are related to each other, and examine such relationships.

In hypothesis1, it was predicted that there is a strong relationship between innovative adoption and NTHE international competitiveness.

From the regression analysis, innovation (INV) had no correlation with SME competitiveness. The hypothesis is rejected based on the results, and it is concluded that there is no relationship between innovative adoption and NTHE competitiveness.

In hypothesis2, it was predicted that government support for horticultural exporters has a positive influence on NTHE international competitiveness.

From the regression analysis, government (GOVT) support had a positive relationship with NTHE competitiveness. This hypothesis is accepted based on the results and therefore it can be concluded that there is a relationship between government (GOVT) support and NTHE competitiveness.

In hypothesis3, it was predicted that entrepreneurial factors have significant impact on NTHE international competitiveness

The results from the regression analysis reveal that entrepreneurial (ENT) factors do not significantly impact on NTHE competitiveness. The hypothesis is rejected based on the results.

In hypothesis4, it was predicted that the firm's number of years in the export business positively influences NTHE international competitiveness.

Chi-Square test in table 16 is used to test this hypothesis.

Table7.16 Chi-Square Tests (a)

	Value	df	P-value
Pearson Chi-Square	27.748 ^a	4	0.000
N of Valid Cases	104		

The Chi-square test conducted shows a Chi-Square value of 27.748, degrees of freedom df(4) and p-value 0.00. Since the p-value computed (p=0.00) is less than the significant value of 0.05, the hypothesis is supported. The hypothesis is accepted based on the results.

In hypothesis 5, it was predicted that the firm's size positively influences NTHE international competitiveness.

Chi-Square test in table 7.17 was used to test this hypothesis.

Table7.17 Chi-Square Tests (b)

	Value	df	p-value
Pearson Chi-Square	31.138 ^a	5	0.000
N of Valid Cases	103		

The Chi-square test conducted shows a Chi-Square value of 31.13, degrees of freedom df(5) and p-value 0.00. Since the p-value computed (p=0) is less than the significant value of 0.05, the hypothesis is supported. The hypothesis is accepted based on the results.

In hypothesis 6, it was noted that accessibility to finance positively impact on NTHE's international competitiveness.

Access to finance (FIN) from the regression results had a positive coefficient of 1.0 and also statistically significant at the 5% level of significance (p<0.05). The hypothesis is accepted and it can be concluded that the Non-traditional Horticultural SME exporters' competitiveness depends on exporters' access to finance.

Table 7.18 Summary of Hypotheses Test Results

H	Hypotheses	Results
H1	There is a strong relationship between innovative adoption and NTHE international competitiveness.	Rejected
H2	<i>Government and donor organisations' support for SME exporters positively influence their international competitiveness</i>	Accepted
H3	Entrepreneurial factors have significant impact on NTHE international competitiveness	Rejected
H4	Firm's number of years in business positively influences NTHE international competitiveness	Accepted
H5	The size of the firm or the number of employees in the business positively influences NTHE international competitiveness	Accepted
H6	That accessibility to finance positively impact on NTHE's international competitiveness.	Accepted

Source: Developed by the researcher

7.3.3 Regression analysis and results

Since it was revealed that government support policies, access to finance, the number of years in export business, and the size of the firm are positively correlated to NTHE international competitiveness, logistic regression has been used to test their effect. Here, the purpose was to determine the main determinants of NTHE international competitiveness.

Logistic regression is an example of a multivariate approach. This category of statistical models is called generalised linear models. It is a type of regression that is employed when the dependent variable is a dichotomous, and the independent variables are categorical, continuous or both. According to Garson (2000), this pertains the highest likely estimation after converting the dependent variable into a logit. Hence, it estimates the probability of certain events occurring.

It predicts the probability that an indicator variable is equal to 1. It is a flexible, robust and an interpretable form of multivariate analysis (Hassad, 2000).

There are two principal ways in using logistic regression. The first is the prediction of group membership. As logistic regression is determining the probability of success over the probability of failure, the outcomes of the analysis come in the form of odds

ratio. The second is to offer knowledge of the strengths and relationships between the variables.

In accordance with Gujarati (1999), the logit model was adapted to examine and analyse the specific factors for SME competitiveness of the non-traditional horticultural SME in Ghana.

The theoretical model to be used in the study is modelled as follows:

The Logit Theoretical model

The theoretical model to be used in the study is modelled as follows:

$$\text{Logit}(p) = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \dots + b_kX_k$$

Where p is the probability of the characteristic of interest

$$\text{Odds} = \frac{p}{1-p} = \frac{\text{Probability of presence of characteristic}}{\text{Probability of not presence of characteristic}}$$

And

$$\text{Logit}(p) \text{ is } \ln\left(\frac{p}{1-p}\right)$$

Empirical model

The empirical model in the form:

$$\ln(\text{Exp}_i) = b_0 + \text{INV}_i + \text{NOC}_i + \text{TECH}_i + \text{ENT}_i + \text{GOVPT}_i + \text{FIN}_i + \varepsilon$$

where $\ln(\text{Exp}_i)$ = is the level of involvement of the NTHE in export business (EXP).

The NTHEs that are active in the export business are given the value 1, while those not active in the export are given the value 0.

b_0 = is the intercept

INV_i = the impact of innovation factors of SME i on export business;

NOC_i = the number of countries SME i export to; on export business;

TECH_i = level of adoption of technology by SME i ; on export business;

ENT_i = the impact of entrepreneurial factors of SME i ; on export business;

GOVPT_i = the impact of government policies on SME i on export business;

FIN_i = the impact access to finance by SME i on export business.

Dependent variable

In this study, the exporters' level of involvement in the export business is used as the dependent variable. When the exporter is **Active** in export business, it, therefore, takes the value 1 and when the exporter is **not active (inactive)** in business it takes the value 0. This is consistent with the study of Mittelstaedt, *et al.* (2003) and confirms the assumption that horticultural SME involvement in export business is expected to remain more competitive than their counterparts who are not engaged actively in export business.

Independent variables

The independent variables used in this study are:

- a) Innovation specific factors (INV)
- b) Technological Factors (TECH)
- c) Entrepreneurial Factors (ENT)
- d) Government Policies (GOVP)
- e) Access to Finance (FIN)
- f) Trade Promotional Campaigns (TRP)
- g) Number of countries the NTHE export to (NOC).

Table 7.19 Regression results

Variable	B	S.E.	Wald X ²	df	P-value	Exp (B)
INV	-0.164	.098	2.822	1	0.093	0.849
FIN	0.149**	.077	3.760	1	0.052	0.861
TRP	-0.018	.075	.056	1	0.812	0.982
ENT	0.200	.158	1.602	1	0.206	1.221
TECH	0.251*	.083	9.262	1	0.002	0.778
GOVTP	0.024	.047	.269	1	0.604	1.025
NOC	0.810*	.271	8.928	1	0.003	2.248
Constant	4.886	3.368	2.105	1	0.147	132.484

Source: Researcher's computation

Dependent variable:

Level of involvement in Export Business (EXP)

**Significant at the 5% level of significance

*Significant at the 10% level of significance

The regression results show that four variables— government support policies (GOVTP), access to finance (FIN), technological innovation (TECH), Entrepreneurial Factors (ENT), and the number of exporting countries (NOC) of the NTHE – had a positive impact on the level of involvement of the NTHE in export trade while the other factors – such as innovation (INV), and trade promotional campaigns (TRP) – had a negative relationship with the level of involvement in export business.

Innovative factors (INV) from the regression results had a coefficient of -0.164 and were statistically not significant at the 10% level of significance ($p > 0.09$). This result indicates that the innovative factors of the various NTHEs do not impact significantly on the level of involvement of the NTHE in the export market. It also indicates that the NTHEs are not innovative enough to make them competitive in the international market.

Access to finance (FIN) from the regression tables had a positive coefficient of (0.149) and was also statistically significant at the 5% level of significance ($p < 0.05$). The coefficient of the FIN variable 0.149 implies that all things being equal, a 1% increase in finance for the NTHE will increase their level of involvement in the export sector by 1.4%. The significance of financial factors brings to the fore the need for finance for the NTHEs to enable them to participate actively in the export market to remain competitive. Many of these NTHEs are not actively engaged in the export trade and meeting their importers demands due to lack of finance.

Participation in trade events (TRP) had a coefficient of -0.018 and was statistically not significant within the 5–10% level of significance ($p > 0.81$). This result implies that the non-traditional horticultural SMEs are not doing enough in the area of trade promotion to be competitive on the international market.

Entrepreneurial factors also had a positive coefficient of 0.20 however, statistically are not significant within the 5–10% level of significance ($p > 0.20$).

Entrepreneurial factors are important in determining how active the NTHE entrepreneur is in the export business.

Technological factors in the regression analysis had a coefficient of -0.251 but were statistically significant at the 10% level of significance. Technological factors play

important roles in the competitiveness of NTHE. This result implies that a 1% increase in Technological Factors of the non-traditional horticultural SME will result in a 2.5% increase in the level of activity of the SME in the export sector thus making them more competitive, all things being equal.

Government policies (GOVP) also had a positive coefficient of 0.024 but were however statistically not significant. The positive relationship of government policies indicates how important government policies are in ensuring that NTHEs in the export sector remain competitive.

The number of countries the NTHEs export to (NOC) had a coefficient of 0.810 and was statistically significant at the 10% level of significance ($p < 0.003$). This implies that for NTHEs to remain active and competitive in the export business they need to expand the number of exporting countries. The significance of this variable implies that a 1% increase in the number of countries exported to will increase the level of activity of the NTHE by about 8.1%, all things being equal.

7.3.4 Robustness and diagnostics checks of the logit regression results

In order to check the robustness of the model and also to be able confirm whether or not the regression results above could be said to be robust, other tests were performed. Hosmer and Lemeshow (2000) showed that simulation is distributed as chi-square when there is no replication in any of the sub-population. The Hosmer–Lemeshow goodness of fit test was adopted to identify how well the model will fit the data.

Diagnostics model

The Hosmer–Lermershow (H-L) statistic in table 7.20, which is an indication of the model fit, and also supported the model as being worthwhile, produced a Chi-square of 9.3 with a p-value of 0.23. This result is therefore significant, thus supporting the model as the p-value computed 0.23 is greater than 0.05.

Table 7.20 Hosmer–Lemeshow test

Step	Chi-square	df	Sig.
1	9.302	7	0.232

The model summary table 7.21 also shows the model's usefulness. The Cox and Snell R^2 and the Nagelkerke R^2 values demonstrate indications of the amount of variations in the dependent variable as explained by the model (from a value of 0 (minimum) to 1 (maximum) approximately). In respect to this study, two values represent the amount of variation: Cox and Snell R^2 of 0.283 and Nagelkerke R^2 of 0.38. The result implies that between 28% and 38% of the variability of the competitiveness of NTHE is explained by the independent variable. Moreover, the results also indicate that the percentage of overall correctly predicted variables is 80%, which is very encouraging.

Table 7.21 Model summary

Step	-2 log likelihood	Cox & Snell R^2	Nagelkerke R^2
1	99.084 ^a	0.283	0.380
% of overall prediction 80%			

7.4 Revised conceptual framework

One of the objectives of the study was to develop a theoretical framework for a better understanding of the competitiveness of SMEs in less developed countries. In order to examine the determinants of SME international competitiveness, it was necessary to focus on concepts that underpin SME international competitiveness (resource based view, international entrepreneurship and institutional factors). In Chapter 4 (see section 4.3 and figure 4.1), a model was developed which has been useful in helping in the understanding of the determinants of NTHE international competitiveness. The theoretical framework was further modified by collecting the empirical data and testing the hypotheses.

Two additional factors which emerged during data analysis and could strengthen the conceptual framework are, however, considered in figure 8.1. This leads to a modification of the original conceptual framework involving the determinants. These factors are access to commercial farm lands and the exporters' collaboration.

a) Access to commercial farm lands

To advance the export competitiveness of non-traditional horticultural SMEs, certain critical facilities are required, particularly agricultural land for production. Horticulture has special needs, and acquisition and tenure are problematic. As noted

by MOFA, the land tenure system in Ghana is a factor to be considered by the non-traditional horticultural export sector in their acquisition of lands.

MOFA noted that,

Acquiring land in Ghana is a big problem and you have to deal with multiples of people when acquiring land for agricultural production in Ghana. Communities are willing to use their lands as equity rather than outright sale of the land because people are emotionally attached to their lands and become irrational when they feel they are losing it forever. They will rather see the land lying fallow than being 'taken away' from them. '

Another major problem is the ownership of the lands. Most lands are not registered so there are always issues such as land tenure security, property rights, and right of ownership when it is time to sell. MOFA suggested that land boundaries have to be dealt with to encourage people with lands to register these lands through the Ghana Investment Promotion Authority and MOFA. If that is done, then an inventory of the lands could be taken to make it easier to purchase. Access to inputs of such land is critical for non-traditional export products production and thus achieving international competitiveness depends being able to meet export demand.

b) Exporters' collaboration

The current practice of NTHE firms operating in small fields with their farms spread over a large stretch of land is a major concern to MOFA and MOTI. The government of Ghana has initiated projects in the non-traditional horticultural sector and has invested in an irrigation system. Most farmers cannot, however, access the irrigation system because the farms are scattered and are distant from each other. This problem has prevented the government from introducing the irrigation system in the farming area. The government's intention to link these small operators and integrate them to benefit from the irrigation system has become a serious challenge. The small operators are unwilling to work together as a group.

Firms collaborate to share information, resources and complement each other's weaknesses. According to Golicic *et al.* (2003) and Parung and Bititci (2005) outline different levels of collaboration that are related to different levels of risk, resource, and benefit sharing. These are:

1. Collaboration – (Benefit and risk sharing with high levels of mutual adjustment)
2. Co-operation – (Sharing resources with moderate mutual adjustment)
3. Co-ordination – (Sharing information with little mutual adjustment)

Table 7.22 summarises the benefits of collaboration. According to the authors, Golcic *et al.* (2003) and Parung and Bititci (2005), collaboration offers a mechanism through which risks can be shared (decreased) and the available opportunities can be maximised by bringing together the right mix of competencies and creating critical mass to boost the organisation's competitive advantage.

Table 7.22 The benefits of collaboration

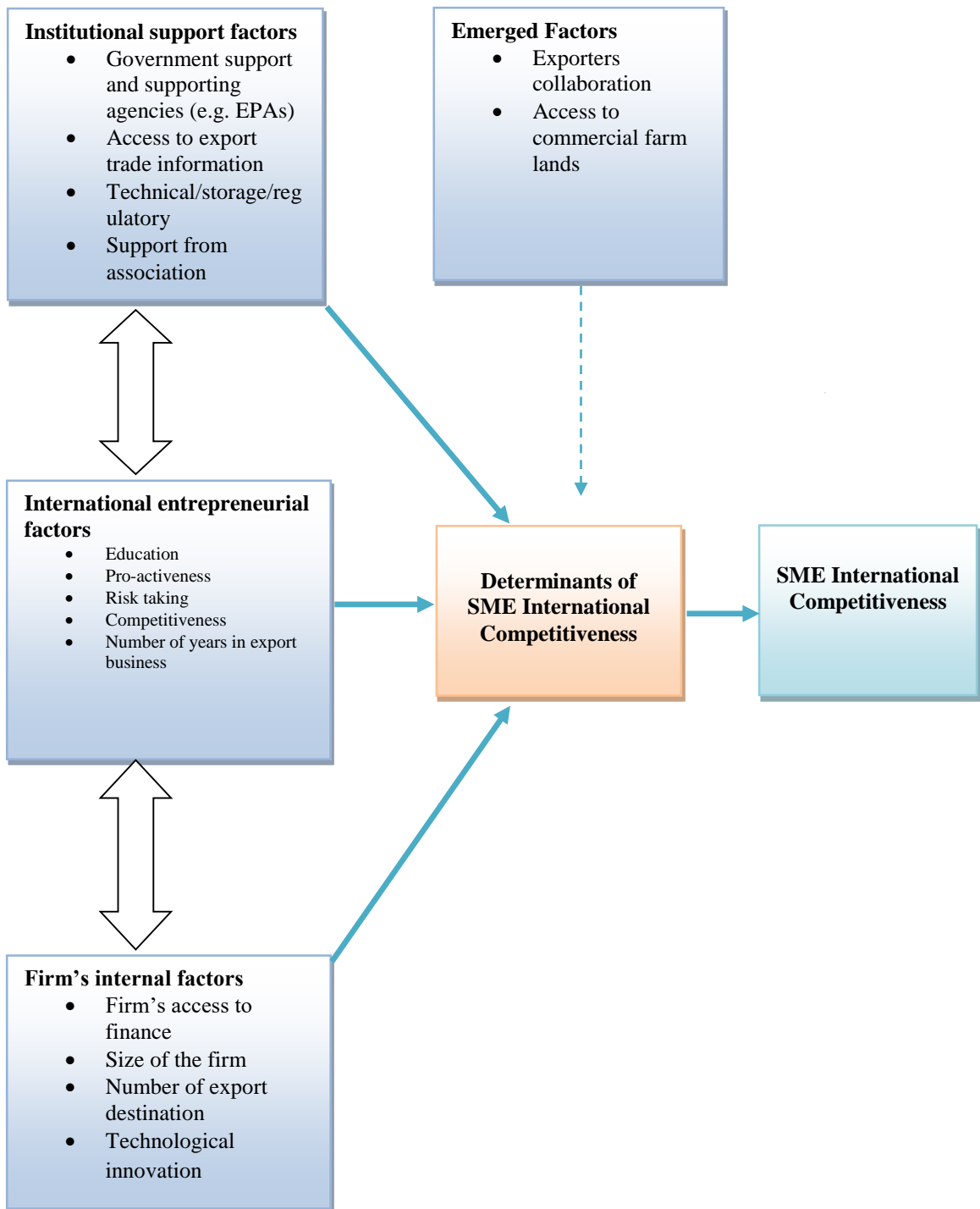
Reduced	Increased
Risks	Market share
Costs	Assets utilization
Time to market	Quality
Delivery time	Flexibility and responsiveness
Inventory	Skill and knowledge
	Critical Mass

Source: Bititci et al. (2008)

As individual exporters, some NTHes do not have the resources to compete favourably in international markets. The government is therefore encouraging these NTHes who lack needed resources to collaborate in groups to export their products.

The third objective of the study was to examine the factors that determine the competitiveness of SMEs exports and how these factors can be adopted to facilitate the performance of non-traditional horticultural exports in Ghana.

Figure 7.1 The revised framework of the determinants of SME international competitiveness



Source: Developed by the researcher

The findings showed how different factors can contribute to achieving NTHE international competitiveness, which are critical for horticultural exporting firms in Ghana and their long-term survival.

On the whole, non-traditional exports in Ghana, particularly the horticultural export sector, are dominated by resource-constrained SME exporters. As a result of enormous challenges posed by globalisation and economic liberalisation to SME exporters and the highly competitive export environment, government and EPAs support to the non-traditional horticultural SME exporters is relevant. The government and EPAs provide low support, however, to the non-traditional horticultural SME exporters (NTHes).

It has been revealed that EPAs lack adequate financial and logistical resources to effectively support horticultural SME exporters. EPAs have a mandate to develop the NTE and a responsibility to assist horticultural SME exporters. Although EPAs have made an impact on the NTE sector, EPAs have not effectively co-ordinated their activities to promote SME exports.

7.5 Summary

This chapter sought to examine the determinants of non-traditional horticultural SME exporters' (NTHes), international competitiveness. The quantitative study has assisted in providing the different determinants of non-traditional horticultural SME exporters and international competitiveness. The study has allowed for a much richer understanding of non-traditional horticultural SME international competitiveness of developing economies with reference to Ghana.

Using the Pearson correlation coefficient for the six hypotheses resulted in four being significantly positively correlated to the determinants of NTHE international competitiveness, namely government support, the firm's number of years in the business, the firm's size, and access to finance.

Subsequent to this, in this study the regression model was also used for the analysis where the regression results show that four variables, government support policies, access to finance, technological innovation, entrepreneurial factors, and the number of exporting countries of the NTHE had a positive impact on the level of involvement of the NTHE in export trade while the other factors such as innovation, and trade promotional campaigns had a negative relationship with the level of involvement in export business.

In summary, the study has discovered that the managers of NTHes do not appreciate the services provided by the government. This result is supported in the quantitative

phase, which was conducted on a larger scale. Apart from these findings, NTHEs still face different obstacles and barriers while venturing into foreign markets. Many are still intenders, particularly as they are disadvantaged in size and still lack financing means.

The Non-Traditional Horticultural SME exporters did not tend to benefit from the EPAs. All exporting companies interviewed had mostly a negative view towards EPAs in general.

The quantitative survey revealed that NTHE innovative adoption is not by any means correlated to NTHE international competitiveness. Thus, innovative factors (INV) from the regression results had a coefficient of -0.164 and were statistically not significant within the 5–10% level of significance ($p > 0.09$). This result indicates that the innovative factors of the various NTHEs do not impact significantly on the level of involvement of the NTHEs in the export market. It also indicates that the NTHEs are not innovative enough to make them competitive in the international market.

CHAPTER EIGHT: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

8.0 Introduction

The purpose of this chapter is to draw conclusions and suggest recommendations by discussing the major findings and implications for the theory development, and for lessons to be learnt by government organisations, export policy makers of SMEs and the NTHEs with special reference to this particular product sector industry in Ghana. The main motivation for this study was to understand the determinants of the Non-Traditional Horticultural SME Exporters' (NTHEs) international competitiveness. The originality of the study has emerged in the understanding that there is a dearth of empirical evidence on the determinants of NTHEs' international competitiveness.

Most studies in Ghana on exports focus on large firms but not so much on SME exports and this is one of the reasons for this study. The focus here has therefore been on NTHE firms in Ghana.

The study has considered the determinants of the NTHEs and their international competitiveness, by examining the factors that contribute to the development of these exporting firms in Ghana.

The chapter is organised as follows:

- (1) an overview of the study;
- (2) key findings from the current study discussed along with the review of the objectives; and,
- (3) the contribution of the study.

The chapter continues with conclusions, limitations, implications and recommendations for:

- (1) NTHE firms as SME exporters;
- (2) government and policy makers; and,
- (3) suggested prospective directions for future research.

8.1 Overview of the study

Export promotion support to SME exporting firms has been available in developed economies for many years. As a result of increased globalisation and trade

liberalisation, firms in developing economies, particularly those from the sub-Saharan Africa region, have been pressured to enter international markets. In Ghana, there is the need for more support for the horticultural exporting firms to facilitate their competitive edge in the export markets.

SMEs constitute an important part of the total export and are often significant players in the economies of countries, yet they fall in the category of disadvantaged firms. The required support which is needed to transform this industry in developing economies and allow it to fully achieve their potential in the export business as serious competitors is not truly available.

This study is largely aimed at examining the determinants and specific conditions that will enable SMEs of the non-traditional horticultural export sector in Ghana to become internationally competitive, and also to design and propose a framework for better understanding of competitiveness of these particular SMEs in developing countries. The study has also explored how the Ghanaian Government's SME supporting institutions and their EPAs would support and provide help for the non-traditional horticultural export firms.

In an attempt to address the research aims and objectives, a thorough study was conducted in both theoretical (conceptual) and empirical (practical) areas in the subject.

From the theoretical point of view, an extensive literature review was conducted to identify the various concepts, such as the resource based view, international entrepreneurship theory and the institutional theory that underpinned the conceptual framework of the current study.

The empirical study involved one hundred and five (105) non-traditional horticultural SME exporting firms and six promotional institutions. To ensure maximum variation and therefore help to explore and understand the role export promotion institutions play in the non-traditional horticultural SME export sector, institutions which directly support the sector (Marshall and Rossman, 1999; Ahiawodzi and Adade, 2012) were purposefully selected for the interview.

Semi-structured and in-depth interviews were used for the interviews with the representatives from these export promotional institutions and government officials who represented the ministries.

Qualitative data was analysed by using a thematic approach and the quantitative data analysed using analytical techniques such as Logit regression, Pearson correlation, Chi square, Hosmer–Lemeshow and others.

8.2 Significance of the study

The World Bank report (2011, 2014) revealed that Ghana has moved from low-income to lower middle-income status. Ghana's GDP growth has, however, only averaged 5.5% in the past years (IMF, 2014, GSS, 2014).

According to GEPA (2014) and MOFEP (2008), non-traditional exports have been a major contributor to economic growth and this sector is expected to enhance the total economic growth of the country for a long period of time.

In a recent press release by GEPA (2015), GEPA is targeting US\$2.6 billion to the Non-Traditional Export (NTE) earnings for 2015. The target represents an increase of about 3.4% above the US\$2.51 billion recorded in 2014.

Though the non-traditional export industry is dominated by horticultural SME exporters, historically, the horticultural SME exporters' sector has failed to perform as expected.

According to a World Bank report (2006, 2014), for Ghana to attain Middle Class Income status, the country's exports must be improved and export diversification must be promoted. Also, its exports should increasingly play a role as an engine of economic growth. ISSER (2009) indicated that, Ghana, as a small open economy, must grow, not only relying on its small domestic market, but should also tap into the potential of unlimited benefits of the global markets.

Horticultural SME exporters are important contributors to the economy and competitiveness is a critical area which is thought to contribute to the survival and growth of SMEs. There is, however, evidence that the export facilitating institutions are not effectively providing the needed support to horticultural SME exporting firms.

This study aims to join this rising academic debate in the literature and contribute to knowledge by developing a conceptual model that offers an improved understanding of international competitiveness of SMEs through the study of the determinants of international competitiveness of non-traditional horticultural SMEs and also providing insights for these exporters in the country.

8.3 Scope of the study

The study is limited to the non-traditional horticultural products of the SME exporters and linked to the economy of Ghana. It is focused on the determinants of non-traditional horticultural exporting firms with the emphasis on SMEs' international competitiveness. The study is cross-sectional (Saunders, *et al.*, 2007) rather than longitudinal. The study discusses trade opportunities and challenges how SME exporters' face up in the international markets with special reference to non-traditional horticultural exporting firms. In addition, the study examines export facilitating institutions that influence the development of the export market in Ghana.

The study does not, however, include:

- large firms in the NTE sector;
- destination markets; and,
- competitors.

8.4 Recap of research aim and objectives

The study aimed at understanding the determinants of SME international competitiveness in the context of SMEs of non-traditional horticultural exporters. In order to have an in-depth understanding of the phenomenon as well as adequate reflection about it, this study was determined to answer the broader question: ***To what extent are horticultural SME exporters in Ghana competitive in the export markets?***

To find answers to this research question, relevant literature has been extensively reviewed to establish that it can practically be fulfilled by focusing on the most significant aspects concerning a theoretical perspective on horticultural SME exporting and theories of SME international competitiveness.

In Chapter 4, a conceptual model was developed to explore the relationships between entrepreneurial orientation, the NTHE's internal factors, the government support policies and SME international competitiveness.

The research aims were to examine the determinants and specific conditions that enable SMEs in the non-traditional horticultural export sector in Ghana to become internationally competitive, and designing and proposing a framework for better understanding of competitiveness of SMEs in the context of Ghana and other developing countries.

In order to attain these aims the following objectives were set.

- To develop a theoretical framework for a better understanding of the competitiveness of SMEs in developing economies (e.g. Ghana).
- To examine the factors that determine the competitiveness of SMEs' exports and how these factors can be adopted to facilitate the performance of non-traditional horticultural exports in Ghana.
- To assess the role and effectiveness of government and the EPAs in the non-traditional horticultural SMEs export sector in Ghana.
- To identify and recommend strategies for policy makers and non-traditional horticultural SME exporters (NTHE) in Ghana.

The literature review provided the foundation for developing the hypotheses. To address the objectives, six hypotheses were developed based on the literature review. The hypotheses were tested with the empirical data from horticultural SME exporting firms. The data from the empirical study were analysed using Logit regression, Pearson correlation and Chi square techniques to evaluate and to shed more light on the relationships between the determinants of SME international competitiveness, such as innovation adoption, government support policies, entrepreneurial factors, firms' number of years in export business, the firm's size, and exporters' access to finance and SME international competitiveness.

8.5 Outcomes of hypotheses tested

Results of hypotheses tested with the aid of appropriate statistical techniques are as follows.

In hypothesis 1, it was predicted that: There is a strong relationship between innovative adoption and NTHE competitiveness –*Not Supported*.

In hypothesis 2, it was predicted that: Government support for horticultural exporters has a positive influence on NTHE competitiveness– *Supported*.

In hypothesis 3, it was predicted that: Entrepreneurial factors have a significant impact on NTHE competitiveness– *Not Supported*.

In hypothesis 4, it was predicted that: A firm's number of years in business positively influences NTHE competitiveness– *Supported*.

In hypothesis 5, it was predicted that: A firm's size positively influences NTHE competitiveness– *Supported*.

In hypothesis 6, it was predicted that: Accessibility to finance positively impact on NTHEs' international competitiveness – *Supported*.

8.6 Determinants of NTHE International Competitiveness

This study has attempted to draw on a number of hypotheses to produce an account of the key determinants of SME international competitiveness.

The Chi-square test conducted shows a Chi-square value of 31.13, degrees of freedom $df(5)$ and p-value (0.00) as indicated in table 7.19. Since the p-value computed ($p=0.00$) is less than the significant value of 0.05 the hypothesis is supported. It can be concluded that a firm's size positively influences the SMEs' international competitiveness.

To understand whether access to finance is a determinant of NTHE international competitiveness, tests of the hypothesis by using Logit regression were done. As indicated in the regression table 7.23, access to finance had a positive coefficient of 0.149 and was also statistically significant at the 5% level of significance ($p<0.05$). The coefficient of the FIN variable 0.149 implies that all things being equal, a 1% increase in finance for the SME will increase their level of involvement in the export sector by 1.4%. The significance of financial factors brings to the fore the need for finance for the NTHEs to enable them to remain competitive and to participate actively in the export market. Many of these NTHEs are not actively engaged in the export trade and are unable to meet their importers demands due to lack of finance. In respect

of these values, it can be concluded that the firm's access to finance is a determinant of the NTHE's international competitiveness.

To understand the relationship between government support policies and these SMEs' international competitiveness, regression analysis is used to determine if government support had a positive relationship with NTHE competitiveness. These hypotheses are accepted based on the results and therefore it is concluded that there is a relationship between government support and NTHE competitiveness. The positive relationship of government policies indicates how important government policies are ensuring that NTHES in the export sector remain competitive. It can be concluded that government support policy is a determinant of NTHE international competitiveness.

Technological factors – a test to determine if there were any relationships between technological factors and SME international competitiveness was conducted. The regression analysis revealed that Technological factors had a coefficient of -0.251 but was statistically significant at the 10% level of significance. Technological factors play important roles in the competitiveness of NTHES. This result implies that a 1% increase in Technological factors of the NTHES will result in a 2.5% increase in the level of activity of the SMEs in the export sector thus making them more competitive, all things being equal.

The number of countries the NTHES export to had a coefficient of 0.810 and was statistically significant at the 10% level of significance ($p < 0.003$). This implies that for Ghana's NTHES to remain active and competitive in the export business, they need to expand the number of export destination markets. The significance of this variable implies that a 1% increase in export destination markets will increase the level of activity of the NTHES by about 8.1%, all things being equal.

It was predicted that a firm's number of years in business positively influences SME competitiveness. The Chi-square test conducted shows a Chi-square value of 27.748, degrees of freedom of 4 and p-value 0.00. Since the p-value computed ($p = 0.00$) is less than the significant value of 0.05 the hypothesis is supported. Thus the firm's number of years in business positively influences SME competitiveness.

From the perspective of innovative factors (INV), the regression results had a coefficient of -0.164 and statistically not significant within the 5%-10% level of

significance ($p > 0.09$). This result indicates that the innovative factors of the various NTHes do not impact significantly on the level of involvement of NTHes in the export market. The analysis shows that Ghana's horticultural SME exporters are not innovative enough to make them competitive in the international markets.

Innovative activities in this study represent availability of R&D units, application of research findings of research institutes, professional training of R&D specialised staff, co-operation with universities and other research organisations are actively pursued. Zahra and Covin (1995) and Miller (1983) often described an organisation as innovative when R&D is employed.

Indeed, the existing literature has captured innovation from many different perspectives and has increasingly been regarded as one of the most important elements of a firm's competitive advantage (Baumol, 2002; Schlegelmilch, *et al.*, 2003; Cefis and Marsili, 2006; Higon and Driffield, 2012; Nguyen *et al.*, 2008). However, these studies about developed economies consider technology to be one of the most determining factors of firm competitiveness and performance (Zucchella and Siano, 2014) but many firms in developing economies do not possess and cannot quickly develop such technologies. According to Wang, *et al.* (2010) studies on innovation have, however, given much emphasis to the idea of SMEs being innovative depends on internal factors such as strategy, organisational routine and human capital, amongst others, and it is the most fundamental activity for companies that aim at competitiveness and long-term survival (Carree *et al.*, 2011; Roberts, 1998; Hamel, 1998). In line with the discussion, Love and Roper (2015) in their study indicated that innovation is found to be a source of competitiveness and essential for the survival of exporting firms.

Technological innovation has introduced wide ranging changes into developed and developing economies. However, there are a number of reasons why horticultural SME exporters may be less innovative in developing economies (e.g., Ghana) than those from developed economies. For instance, there are high cost associated with employing technology (e.g. internet) and also due to the nature of the produce, NTHes are not committed to innovation. It was also revealed that non-traditional horticultural SME exporters are not actively exploiting company websites as a mechanism for

improving competitiveness. Many NTHes in Ghana still use simple traditional technologies for sending and receiving emails.

For instance, in developed economies, technology could be an important source of competitive advantage, but in less developed economies, the low cost of labour may be more significant. The NTHE may innovate in subtle ways which cannot be captured in innovation ways (Chapain, *et al.*, 2010). Bell (1995) revealed that export success through technology depends on good management and on the type of markets the firms decided to enter.

Michael Porter (1990) wrote that firms would achieve competitive advantage through acts of innovation. He mentioned that such firms would approach innovation in its *broadest sense* that would include new technologies and ways of doing things differently.

The World Bank (2011) undertook a review of Ghana's science innovation and technology policy.

The World Bank review started by acknowledging that many analysts feel that Ghana has, for decades, performed poorly and well below its potential in its horticultural industry. The World Bank Report (2011, pg 130) say that "there is growing evidence that effectively harnessing knowledge through successful application of science and technology and building a strong national innovation systems are keys to economic growth and broader development, improved standards of living, and poverty reduction". The report contends that for development and accelerate progress towards becoming a middle income economy, Ghana would need "to make a concerted effort to strengthen its science, technology, and innovation capabilities, strengthen its national innovation system and improves its innovation performance" (World Bank Report 2011, pg 130). The report concludes that Ghana's failure to develop an innovation culture is the fault of public sector with the evidence to prove that the public sector capability is inadequate, whilst recognising the fact that the private sector has a considerable role in creating innovation.

From the above discussion and the conclusion derived from the results of the study on innovation, it is suggested that technology would enhance the deployment of

innovative approaches towards the improvement of SME international competitiveness.

In summary, this study validates previous studies about the relationship between the determinants and SME international competitiveness with focus on the non-traditional horticultural export sector in determining what factors account for the determinants of Ghana's horticultural SMEs' competitive advantage. Logit regression, Chi-square tests, and Pearson correlation were employed as analysis techniques to evaluate relationships among the constructs. The results revealed the following variables are the determinants of NTHE international competitiveness in export business: the firm's number of years in business, government support policies, access to finance, firm's size, entrepreneurial factors, and the number of exporting destinations of the NTHE. On the basis of this study, it can therefore be concluded that the above variables are of considerable importance for NTHE international competitiveness.

8.7 Study's contributions to existing knowledge

The study examined the competitiveness of non-traditional horticultural SMEs in international markets. The aim of the study was to investigate the determinants of non-traditional horticultural SMEs' international competitiveness in the international markets. The study makes a contribution to the theoretical model development, practical and policy making in small firm export literature. Non-traditional export in Ghana has been hailed as a relevant economic development driver for Ghana's socioeconomic development. Competitiveness remains an important issue at the heart of the export business, export research, policy making and export management. Although exporting is associated with high risk, it still remains one of the most important business operations today (Piercy, *et al.*, 1998).

The contributions made by this study to existing knowledge are reported in the sections that follow.

8.7.1 Theoretical contributions

The major contribution of the study is about the fact the study is probably the first with strong theoretical underpinnings conducted on non-traditional horticultural SME exporting firms in Ghana and represents an extension to the SME competitive literature.

Imperatively, the study has sought to integrate streams of literature, including international entrepreneurship, the resource based view and institutional theory to explain the determinants of non-traditional horticultural SMEs' international competitiveness.

It is believed that the study is the first that explicitly draws on the resource based view, international and institutional theory to determine SME international competitiveness in Ghana, particularly the non-traditional horticultural export sector, and this by itself is a major contribution to existing knowledge.

The conceptual framework developed for this study provides a robust view of investigating the determinants of non-traditional horticultural SME exporters in international markets. This study contributes theoretically to the study of SMEs' internationalisation by reviewing literature on the resource based view, international entrepreneurship and institutional theory indicating the relationship with non-traditional horticultural SME exporters.

It, therefore, contributes knowledge to SME internationalisation literature in the area of SME international competitiveness. It contributes to an on-going debate by providing insights into horticultural exports in examining the key factors which determine horticultural SME international competitiveness in the context of developing economies, particularly Ghana. The revised conceptual framework provides useful tools for understanding and evaluating NTHE international competitiveness, as well as providing an approach for determining SME international competitiveness.

This study refutes some aspects of innovation activities (availability of an R&D unit, application of research findings of research institutes, professional training of R&D specialised staff, co-operation with universities and other research organisations) as determinants of competitiveness whilst confirming others (technological) (section 8.7.1). While the original conceptual framework assumed that innovation facilitates competitiveness, the revised model (see figure 7.1) stressed the fact that, with the exception of technology innovation which was confirmed by the regression analysis, all others do not contribute to the determination of international competitiveness. Hence, the study suggests that, in the context of developing countries such as Ghana,

the use of innovation as a determinant for NTHE international competitiveness is weak due to the fact that the fundamental structures such as strategy, organisational routines and human capital are not in place (Wang, *et al.*, 2010).

The study has provided new knowledge about innovation by revealing that innovation had no correlation with non-traditional horticultural SME competitiveness (section 8.7 and hypothesis 1). Although it is sufficiently explicit in the literature that innovation positively influences SME competitiveness, this study has concluded that there is no strong relationship between innovation adoption and NTHE competitiveness.

8.7.2 Practical contributions

Practically, this study has shown that there exist determinants that may support NTHE international competitiveness. For the NTHE to succeed in the export market, therefore, they will depend on the government and the EPAs' co-ordination (section 6.5.2) and the NTHes' willingness to build and use trust-based networks and relationships, particularly with trade associations and other facilitators like foreign missions to enhance their ability to compete effectively in the international markets.

The EPAs should show pro-activeness and professionalism, and be able to give directions in terms of training, access to loans and to advocate to the NTHes. They should act in a more dynamic and competent way in terms of service delivery to the NTHes and other SME exporting firms.

Training is very essential, particularly for the NTHes to have a clear knowledge and understanding of the factors that contribute to successful international trade. The NTHes must understand what they need to do, the essence of marketing quality products and establishing good relationship with their partners through the use of technology (social media).

The EPAs' should be able to identify the most appropriate available loans that will meet the needs of the NTHes.

EPAs have made some impact on the horticultural export sector but must be able to effectively co-ordinate to enhance the competitiveness of the SMEs.

The government, through the land tenure system in Ghana, must ensure that acquisition of farm lands does not hinder the activities of the NTHes. This can be done through land tenure systems that provide security for the landlord and the tenant. Presently, the acquisition and tenure of agricultural land for production are problematic for the NTHes.

Land boundary issues must be dealt with to encourage people with lands to register these lands through the Ghana Investment Promotion Authority and MOFA as this will make it easier to purchase farmlands for cultivation.

8.7.3 Policy contributions

The global market offers trade and export opportunities for growth as firms are able to expand their product and market coverage simultaneously. There is the understanding that having policies for SME exporters will not address specific needs but knowledge of international market will rather enhance the implementation of certain policies to support SME international competitiveness.

Since 1983, Ghana has implemented a number of policies aimed at enhancing non-traditional export. These policy implementations have, however, led to modest gains in the non-traditional export sector (MOTI, 2004; Owusu-Frimpong and Mmieh, 2007). It is argued that some strategic issues have not been considered in the trade policies. For instance, attention has not been given to the need to support NTHes both locally and internationally.

The study, therefore, offers insights which would assist researchers, governments, policy makers in Ghana and other African countries, and non-traditional horticultural SME exporters to better understand the determinants of non-traditional horticultural SMEs' international competitiveness and contribute to SME export competitiveness in developing economies.

The findings have shown that the determinants of SME international competitiveness include a mixture of factors both internal and external to the exporting firm. These antecedents reflect the current international business environment where trade liberalisation, globalisation and advances in information and communication technology, provide opportunities for SMEs and enable them to participate more effectively in international markets.

8.8 Recommendations of the study

This study makes important theoretical contributions to the literature and has several implications and recommendations for horticultural SME exporters, the government and the EPAs.

The study has made a number of recommendations from the findings and conclusions which are divided into:

- recommendations to export promotion agencies (EPAs);
- recommendations to non-traditional horticultural SME exporters (NTHE); and,
- recommendations to the Government of Ghana, who are also the policy makers.

8.8.1 Recommendations to export promotion agencies

This study revealed that the formal institutional environments do not sufficiently support the competitiveness and growth of SMEs in Ghana. There is an urgent need for government to reform the export policies and the legal systems to enhance the competitiveness of the non-traditional horticultural SME exporters. This reform may be particularly helpful to this particular sector with regards to international trade since it could enhance business transactions with business partners overseas.

Ghana has embarked on a number of policy interventions since 1983 with the aim of growing the economy (Ministry of Trade, 2004; Owusu-Frimpong and Mmieh, 2007). The introduction of export-led programmes have, however, led to modest gains in the non-traditional export sector in Ghana which is spearheaded by SMEs. Many strategic issues have not been considered in the trade policy. For instance, no attention is paid to the need to support exporters both domestically and internationally. There is a need for the government to reconsider the existing policy; particularly, the government should assist trade and the export facilitating institutions with technical, financial, and logistical resources to effectively support the horticultural exporters. It is suggested that as regards the study's objective, the government should reconsider the roles of the EPAs. The export policy should reward EPAs that may enhance their operations to effectively support the exporters.

According to the Organisation for Small and Medium Enterprise and Regional Innovation (2008), lessons should be learned from countries such as Malaysia, Singapore and the Philippines which could assist exporters in Ghana, sub-Saharan African economies and other African economies to achieve exporting competitiveness.

EPAs need to be more effective in strategic planning by factoring in SMEs as key players in the process of transforming the NTHE sector into the real engine for growing Ghana's exports. As much as possible, EPAs should provide more direct support to the NTHEs to strengthen their export capacity. Also, EPAs should jointly hold programmes with MOFA to deliver value to the NTHEs. EPAs should further engage and co-operate among themselves to collectively devise and implement policies which would support the NTHE sector.

Export promotion agencies could co-ordinate their services to the exporting firms by reviewing the bottlenecks caused by an underperforming support framework and recommend changes that will facilitate international competitiveness.

These implications are primarily aimed at export promotion organisations in Ghana, which were part of the investigation in this research. Their importance to horticultural exporting firms as well as other horticultural exporting firms in other developing economies is apparent.

In the light of this, any export promotion agency should seek to understand the needs of exporting firms for which services should be provided to facilitate their international competitiveness. Also, there should be an evaluation of the existing services being offered by EPAs and an assessment of what contribution such services make at the SME level, and then in an international context.

There is an urgent need for the Ghanaian Government and the EPAs to reconsider the existing export policy for SME international competitiveness.

8.8.2 Recommendations to non-traditional horticultural SME exporters

The current global market developments demand a competitive approach to international business. Non-traditional horticultural exporters should be encouraged to

develop international competitive strategy and be more responsive to the dynamism of international changes.

Ghanaian horticultural SME exporting firms could take note of examples from successful exporters from economies such as Costa Rica, Mexico and South American countries, e.g., Brazil and Chile where many SMEs are successful in the export business and also very competitive. In light of this, the NTHE firms in Ghana should adopt a positive attitude towards the export business.

In order to reduce uncertainty in the export markets, the study suggests that the exporters develop an export market intelligence system which will assist exporters to better gather, analyse and evaluate data on export market challenges and opportunities. There was a lack of R&D units at most of the NTHES. It is recommended that the NTHES take advantage of the research centres available at the country's premier universities for their research needs. According to Leonidou (2000), successful exporters are those firms that prioritise effective location decisions, analysing and handling foreign market opportunities and challenges.

Another way to look at non-traditional horticulture produce is to consider it as an enclave course, where an enclave suitable for a particular crop is identified and demarcated in geographical areas or crop production areas and designated for enclave production. It is important that the operators of the field settle around and operate from these areas so that the government, for instance, can provide irrigation for farming in the enclave. When the NTHES are together, it becomes easier and more efficient to provide irrigation, marketing and pack house services.

The NTHES in Ghana should be provided with the appropriate strategic training so as to increase their absorption capacity for innovation. In addition, SME associations should be supported to offer opportunities to update themselves in accordance with new technology and international market opportunities.

8.8.3 Recommendations to the Government of Ghana

The globalisation and liberalisation of business have contributed to a rising demand for finance among SME export businesses. For the NTHES to become internationally competitive and effectively compete in international markets, two types of financing are required.

Firstly, the government should assist SMEs to secure long-term finances required for investments in export business.

Secondly, short-term finance would also be needed to finance activities associated with the processing for export. In Ghana, unfortunately, horticultural SME exporting firms and EPAs do not have long-term financing. The interviews with EPAs and surveys conducted with the NTHes revealed that both SMEs and EPAs also lack short-term export financing support. The inability to obtain credit at reasonable cost affects the competitiveness of SME exporters, particularly when competing with other firms located in countries where their governments offer financial support to augment their competitive advantage. According to (MOTI, 2012), horticultural SME exporters are a major source of new employment in Ghana.

The NTHes should be given adequate support from government embassies abroad to operate successfully in the foreign markets. This is critical because horticultural SME exporters tend to experience barriers in foreign markets. The Government of Ghana, using the appropriate ministries and departments, can assist exporters by identifying opportunities and profitable markets for the NTHes. From the perspective of foreign diplomatic missions, it is recommended that government should invest resources in its foreign diplomatic missions abroad and encourage them to be more responsive in assisting SMEs in terms of solving international export-related issues. For example, representatives of trade and foreign affairs ministries in the Ghana embassies abroad can assist exporters by representing the SMEs in trade negotiations with foreign government officials and overseas private business entrepreneurs.

It is recommended that the government has to continually invest in infrastructure and human capital, improve the regulatory, business and other competitive drivers like pack houses and storage facilities. The government should be more specific and selective, and help the SMEs in choosing their export destinations. An export drive should be implemented by the government through various sectors of the economy to sustain interest in exports. Entrepreneurship in the direction of exports should be actively encouraged among young people, including students from secondary schools to universities, supported by EPAs. Finally, considering the importance of exports as the trigger for accelerated socioeconomic development in Ghana, it is recommended

that the government should appoint a substantive deputy minister of trade with direct responsibility for the SME export sector.

Government should make it a priority in promoting all types of innovations including non-technological innovation and provide the necessary support for internationalisation of horticultural SME exporters, through the support of diversification of products and markets for export.

There are a number of implications for both public and corporate policy makers, particularly from developing economies like Ghana, which can also be derived from the study's conclusions. Firstly, there is a pressing need to improve the competitiveness of NTHes, particularly in view of the fact that competition in export markets is increasing. This study suggests that for the NTHes to achieve international competitiveness, it is crucial that the exporters would have knowledge and understanding of the detailed requirements of the international markets to enable them to take advantage of opportunities, and respond to challenges. For instance, the nature of global marketplace demands that the NTHes develop competitive strategies in their operations. An important implication for policy makers is that investment is needed in key areas of the non-traditional export sector especially areas that support horticultural SME exporters' competitiveness. In addition, educational programmes are also needed to develop exporters and young people who intend to go into the export business with requisite skills to manage global markets. This study also suggests that policy makers should invest in the development of effective foreign market forecasting skills in their operations as that will enable the exporters to identify changes and deal with them effectively.

Furthermore, given the rising competition from other emerging economies, the competitive position held by Ghanaian horticultural SME exporters has come under severe competition from international competitors. In this respect, this study suggests that exporters from developing economies such as Ghana should specialise in serving specific niche markets in international markets that are not under immediate threat from emerging and developed economies. The study suggests that policy makers should be more proactive in developing export market niche strategies.

It is recommended that policy makers and practitioners who want to improve horticultural exporting firms' international competitiveness should develop more appropriate programmes to ensure competitiveness. The focus should be placed on areas such as international business education programmes, promotion assistance schemes and export involvement where support is critical among new exporters and those seeking to develop and expand their markets.

The Government of Ghana should encourage the NTHes to seek appropriate governmental assistance that corresponds to the level of technology in their firm, hence, encouraging them to be more internet-technology orientated.

Finally, it could be useful to monitor and evaluate the implementation of information and communication technology programmes in all SMEs.

Guidelines for acquisition of farm lands for cultivation of produce must be streamlined by the government. The government must give incentives or make it attractive for land owners to release their lands for purchase or lease to the NTHes for farming. It is recommended that, where necessary, the government should lease the land from the landowners and sublet to the NTHes.

8.9 Research limitations

The findings of this study should be interpreted in the light of a number of limitations, some of which offer opportunities for future research. The limitations are related to results and methodology.

The study used cross-sectional data and it is certainly a major source of concern (Rindfleisch *et al.*, 2008). This is because several studies have found that export activities can take a long time to establish in organisations (McDougall, *et al.*, 1994). Hence, a future study is encouraged to consider a longitudinal research design.

Secondly, one could criticise the relevance of the multiple theories and approaches used and whether all were needed for the study. Nonetheless, given the complexity of the phenomenon, it is clear that the single theoretical approach would not be sufficient to explain the determinants of NTHE international competitiveness. According to Robson (1993), integration of the different theories is necessary to tease out the identification of the appropriate concepts under study. The first concern is the

generalisation of the results as the variables employed may be unique to the Ghana setting only. In this case, the study examined the determinants of Ghana NTHE international competitiveness, i.e., horticultural produce, and may not be applicable to other SME sectors in Ghana or even to similar sectors in other countries. Any generalisations of the result outside of this context should, therefore, be made with care.

The study focused on Ghana which is located in the sub-Saharan Africa region and is a developing economy compared to Kenya, South Africa, and Cote d'Ivoire which have seen, over a period of time, sustained growth in their export earnings from non-traditional products. Future studies may extend the current study, by testing this framework in other developing economies.

Thirdly, the study relied mostly on the management/owner as a single respondent in all the sampled firms because in the context of SMEs, the owner/manager serves as a key decision maker (Miesenbock, 1988) who is seen to have the knowledge and exposure to international competitiveness and therefore has the detailed information required in answering the research questions for this study. The owner/managers' perceptions, opinions and decision making may not, however, always reflect reasonably well with the firms' activities that revolve around the export trade. The owner/manager may not have sufficient technical knowledge in the export trade.

The study does not include large firms in the NTE sector as these are seen to be performing better (see section 1.7 and 7.5).

The various export (destination) markets and competitors are also not discussed as the researcher's limited resources (financial and time) did not permit the inclusion of both areas.

8.10 Suggestions for future research

This study sought to investigate non-traditional horticultural SME exporters' international competitiveness by focusing on the determinants of the NTHes' international competitiveness. Overall, the results raised questions about the current situation in the non-traditional horticultural export sector. The limitations, the findings and contributions all open up to rich veins of ideas for further study.

1. Accordingly, considering the scope of this research, it would be appropriate to extend this research, conducting a longitudinal study involving a similar sample spanning a period of three to five years to investigate the changes in processes in NTHE internationalisation over this period. Although, it may be costly, difficult and time consuming, applying longitudinal approaches are more likely to provide additional insights.
2. The study was limited to non-traditional horticultural SMEs exporting firms in Ghana. Since the perception and experiences of the exporters might be different, it would therefore be useful to replicate it within the context of different developing economies so as to facilitate comparisons of the major variables with non-traditional horticultural exporting firms in other developing economies.
3. Future research should extend the scope of this study by incorporating relevant export products such as handicrafts, cashews and other non-traditional products.
4. The combined non-traditional horticultural SME international competitiveness determinants are based on three theoretical frameworks, namely, the resource based view, international entrepreneurial orientation and institutional theory. Future studies could investigate determinants of SME international competitiveness using different theoretical frameworks.

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APPENDIX 1: Registration Letter



Research Graduate School
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United Kingdom
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research@beds.ac.uk
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15 October 2014

Home Address:
Mr Kenneth Appiah
Flat 5, Tudor House
16B St. Albans Road East
Hatfield
Hertfordshire
AL10 0EH
Student Number: 1221014

Date of Birth: 25 March 1978

Qualification Aim: Doctor Of Philosophy (Business And Management Research Institute)

Mode of study: Full-Time

To whom it may concern:

I certify that Mr Kenneth Appiah is currently enrolled with the University of Bedfordshire as a Full-Time student.

The course began on 1 October 2012 and is expected to complete on or before 30 September 2016.

The student's term-time address is:
Flat 5, Tudor House
16B St. Albans Road East
Hatfield
Hertfordshire
AL10 0EH

Please note that all potential PhD students are initially required to register for the degree of MPhil with the possibility of transfer to PhD. Final submission for PhD is dependent on successful transfer from MPhil to PhD and satisfactory progress throughout the period of registration.

Mr Kenneth Appiah completed his RS4 transfer on 15 May 2014 and is free to start his data collection.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Ian Anderson'.

Ian Anderson
Research Graduate School

University of
Bedfordshire
Research
Graduate
School



Registered Office
University Square Luton
Bedfordshire LU1 3JU
England

Vice-Chancellor
Gill Rammell

APPENDIX 2: Request Letter for Interview Appointment

REQUEST LETTER FOR INDEPTH – INTERVIEW ON THE COMPETIVENESS OF GHANAIAN SMES IN INTERNATIONAL MARKETS: THE CASE OF NON-TRADITIONAL EXPORTS.

Business & Management Research Institute
Bedfordshire University Business School,
Park Square
Luton, LU1 3JU

Personal Phone: 00447939515953
Email: Kenneth.appiah@beds.ac.uk

Date:

The Project Co-ordinator,
EMQAP
Accra, Ghana

Dear Sir,

REQUEST FOR APPOINTMENT FOR AN HOUR INTERVIEW

I am a final year student of the above-mentioned University currently collecting data for my PhD thesis on: **“International Competitiveness of SMEs: The Case of Ghanaian Horticultural Exporters”**.

The purpose of the study is to generate information which will assist in improving the performance of Ghana's Non-Traditional Export sector, largely perceived as the engine of growth of Ghana's exports. EMQAP has been selected to participate in this study because of EMQAP's role in non-traditional horticultural exporters sector and the belief that EMQAP possesses the kind of information that could assist the researcher to successfully carrying out the research. The interview will centre on your role within the NTE sector.

In this regard, I would greatly appreciate if you can grant me an appointment for an hour interview for the purpose of gaining more understanding and insight into the topic under study.

May I clarify that the interview will be recorded for analytical purposes. Whilst appreciating you're an overwhelmingly busy schedule, I would implore your kindness in affording me a bit of your time for this all-important interaction. I am available to

honour any appointment you would kindly grant me between the 24th October and 20th of November, 2014 at any time and place convenient to your good-self.

Yours Sincerely,

Kenneth Appiah

University of Bedfordshire

APPENDIX 3: List of Selected Export Promotion Agencies Interviewed

Institution	Role in NTE Sector	Interviewee(s)
Ministry of Trade and Industry (MOTI)	Trade Policy	Technical Director/Trade Attaché
Ghana export Promotion Authority	Trade Promotion	Marketing Manager and Heads of Agric, Processing, Handicraft divisions
Federation of Associations of Ghanaian Exporters (FAGE)	EA Federation	Marketing Manager
Exim Guaranty		General Manager
Export Development Investment Fund (EDIF)		Research Officer

APPENDIX4: Interview Guide

IN-DEPTH INTERVIEW GUIDE FOR COMPETITIVENESS OF HORTICULTURAL SMEs IN INTERNATIONAL MARKETS

MINISTRY OF AGRICULTURE

Date of Interview.... ..

Time of Interview.....

This interview guide is for a research titled: **COMPETITIVENESS OF SMEs IN INTERNATIONAL MARKETS: NON-TRADITIONAL EXPORT SECTOR.**

Your assistance is being sought in completing this questionnaire for a **PhD** research which will help develop and benefit Ghana's Non-traditional export sector. Please be assured that you will not be identified as a respondent and your responses will be confidential.

1. a) What is your position/role in this company?
 b) What are your day to day responsibilities?
 c) What are your key functions?

Probe: how important is this role in the light of non-traditional exports?

2. a) As Ministry of Agriculture, who are your main competitors in the area of Horticultural SMEs?
 b) What your main horticultural products?
 c) Why are they referred to as non-traditional export sector?
3. a) What are the main horticultural SMEs that Ministry deals with?
 b) In your opinion can you give me the names of the top five horticultural SMEs?
 c) How do you rank them and by are you ranking them?
 d) How do you evaluate the performance of horticultural SMEs?

4.
 - a) In terms of classification among best, medium and worst performing firms
 - b) Is there any prepared national ranking of all the horticultural SMEs in Ghana?
 - c) Can you provide any specific reasons that differentiate top performing from non-performing firms?

5.
 - a) What does the concept of international competitiveness of horticultural SMEs mean to you?
 - b) Are there any standards/benchmarks along which the Ministry Agriculture measures the international SME competitiveness?
 - c) In what ways does your Ministry support SMEs to sustain the international competitiveness?

6. To what extent would government support facilitates the international competitive of the non-traditional horticultural SMEs?
 - i) to a very large extent 75-100%
 - ii) to a large extent 55-75%
 - iii) to some extent 30-55%
 - iv) minimal extent 0-30%
 - b) Can you outline three specific strategies that are being adopted by government to improve the international competitiveness of horticultural products?

7. There has been recent reports about government signing the **Economic Partnership Agreement(EPA)** with the European Union.

 To what extent do you consider this development as a major influencing factor on our (non-traditional) horticultural export sector.
 - i) Major
 - ii) Minor
 - iii) Not at all

8. By industry players I mean the major organisations that play active role in supporting horticultural SMEs such as the following:

Ministry of Agriculture

GEPA

World Bank

FAO

UNIDO

Can you comment on their respective assistance programmes offer to horticultural SMEs in Ghana?

b) Can you outline any proposals to make their contributions to the horticultural SMEs' sector more effective?

9. As the Ministry of Agriculture are you of aware any future government proposal focused on supporting horticultural SMEs?

b) If so can you comment on any of them?

c) If not what's in your view would you propose for government as far as this sector is concerned?

10. In your opinion, what are the major challenges facing non-traditional horticultural export sector?

b) In your opinion, what would be your proposals in resolving these challenges?

11. In your view, what concrete steps can be taken by the **following** to make SME horticultural Exports more internationally competitive?

a) Government Export Promotional Agency

b) Associations of Exporters

c) Horticultural exporting firm

12. Any final comments?

APPENDIX 5: Questionnaire

QUESTIONNAIRE FOR THE STUDY OF THE COMPETITIVENESS OF GHANAIAN HORTICULTURAL SMEs IN INTERNATIONAL MARKETS

This questionnaire is for a research titled: **COMPETITIVENESS OF SMEs IN INTERNATIONAL MARKETS: THE CASE OF NON-TRADITIONAL EXPORT SECTOR**. Your assistance is being sought in completing this questionnaire for a **PhD** research which will help develop Ghana's Non-traditional export sector and benefit your business as well. Please be assured that you will not be identified as a respondent and your responses will be confidential.

Competitiveness: “is an ability of firms to sustain and gain in market share through their cost and pricing policy, innovative use of production factors and novelties in product characteristic”

SECTION ONE: COMPANY INFORMATION

1. Name of your company?.....
Name of products:
2. Where are your main international customers?
.....
3. Please provide the following information about your company by ticking the appropriate boxes.

(a) Number of Years in the Export Business	5 Years or less	5-10 Years	11-15 Years	16 -20Years	Over 20 years

(b) Respondent's Position in the Company	Managing Director (MD)	Assistant MD	Production Manager	Export Manager	Admin Officer	Other (Specify)		
(c) Respondent's Highest Qualification	Masters degree	1st degree	Diploma	GCE A Level	GCE O Level	MSLC	Non-formal	
(d) Number of employees in Business	Under 5	5 - 10	11 - 15	16 - 20	21 - 30	31 - 40	41-50	Over 50

Total Annual Exports 2011 - 2013

(e) Total Annual Exports		2011	2012	2013
	Under \$100, 000			
	Under \$500,000			
	Under \$1,000,000			
	\$2,000, 000			
	\$2,000,000 and over			

4. What percentage of exports does your company account for, in the following horticultural exports year?

Year	Percentage	Comments
2010		
2011		
2012		
2013		

5. Who are your main competitors in the following markets?

Local Market	ECOWAS Markets	UK Markets	Other EU markets

6. Which of the following describe your level of involvement in Export Business? Tick ONE box and briefly explain.

Involvement Level	Tick	Reasons
a) Very active		
b) Active		
c) Average		
d) Inactive		
e) Very Inactive		

SECTION TWO: EXPORTING STRATEGY

7.0 Which of the following statements most closely relate to your approach to exporting? (Please tick appropriate boxes)

a) We receive occasional orders for exports which we intend to improve upon	
b) We receive regular export orders which we intend to increase the frequency	
c) We are developing our overseas customer base	
d) We have a good export business in a number of countries and are researching & entering new markets	
e) We have a well-developed international business which is committed to international expansions.	

7.1 In total how many different countries do you export to?

.....

7.1.1.1 Which countries are your main export destinations?.....

7.2 Does your firm have a strategic policy of innovatively developing products for international markets?

.....

7.3 Which of the following relates to the company's innovative strategy for competitive advantage? (Please tick and give examples)

Innovative activities	Not at all	A little	Moderately	Very much	Extremely helpful
1) Availability of R&D unit;					
2) Availability of specialized staff for R&D;					
3) Application of research findings of research institutes					
4) Professional training of R&D specialized staff					
5) Cooperation with institutions (e.g Universities and research organisations) are actively pursued					

Any other comments on company's innovative strategy?

.....

7.4 Please indicate the sources of finance to your company

Financial instruments	Hardly ever	Occasionally	Sometimes	Frequently	Almost always
1) Investment bank loan					
2) Bank loan for working capital;					
3) Bank loan for special purpose such as research;					
4) Overdraft					
5) Credit card;					

6) Financial leasing (for purchase of equipment, automobiles,					
7) Venture capital;					
8) Loan from family and friends;					
9) Owner(s) own finance					
10) Government funded programmes;					
11) Other support received					

7.5 What type of promotional campaign does your company engage in with regards to competing internationally? (Tick the appropriate boxes)

Trade events	Not at all	Very Little	Fairly Well	Quite Well	Very Well
a) The company makes use of foreign trade fairs in promoting awareness of goods					
b) The company uses international business conferences in promoting goods					
c) The company is investing in building a own brand name internationally					
d) The company reviews and assesses foreign promotional processes in developing competitive advantage					

SECTION THREE: COMPETITIVE STRATEGIES

8.0 In summary what do you think your competitive advantage is (are) in terms of international competition?

.....
.....
.....
.....
.....
.....
.....

8.1 How effective do you think your current competitive strategy for your export business is? (Tick the appropriate boxes)

8.2 Where does the emphasis in the firm's strategy lie? Example: products (cost/quality), processes, marketing, etc.

.....
.....
.....
.....
.....

8.3 What do you think are the core competitive advantages of your competitors?

.....
.....
.....
.....
.....
.....

8.4 Which of the following describe the entrepreneurial level of your company (Tick each factor)

	Very Low	Low	Average	High	Very High
Innovativeness					
Proactiveness					
Risk Taking					
Competitiveness					

SECTION FOUR: TECHNOLOGY

9.0 As an exporter, do you use the internet? Yes..... No.....

If Yes, go to question 9.1

9.1 Which of the following describes your internet usage? Please place the most appropriate number (1-5) in each of the boxes provided at the end of each statement using the following scale:

Strongly disagree	Disagree	No opinion	Agree	Strongly agree
1	2	3	4	5

Impact Purpose of Internet Usage	Strongly disagree	Disagree	No opinion	Agree	Strongly agree
a) Send and receive e-mails and documents					
b) Communicating with buyers abroad through Skype					
c) Tracking shipments to destination markets					
d) Company's websites and online sales					
e) Identifying buyers and marketing opportunities					
f) The company makes extensive use of new technology in the goods and services it exports overseas					

SECTION FIVE: GOVERNMENT POLICIES

10.0 How useful do you think are the support currently received from Government in helping SME horticultural exporters? (Please tick)

Government Policies	Not useful at all	Not useful	No opinion or uncertain	Useful	Strongly useful
a) Advice from government centres					
b) Support from Export Associations					
c) Export Trade information					
d) Technical/Production support					
e) Support from state government					
f) Participation in exhibitions					
g) Sourcing export finance					
h) Support from Ghana High Commissions Abroad					
Solving problems abroad					
Others: (e. g. Support from foreign countries)					

10.1 How have these governments supports improved horticulture exports?

.....

.....

.....

.....

10.2 Are you aware of any new Government initiatives related to horticultural SMEs exporters in 2014?

1. Yes
2. No
3. Don't know

If yes, please give an example

.....

.....

.....

.....

.....

CONCLUSIONS

Do you have any comments on any of the issues discussed today?

.....

.....

.....

.....

Thank you very much for your time and your invaluable contribution to this Research.

APPENDIX6: Interview Transcripts – Ministry of Agriculture

Date of Interview: 08/10/2014

Time of Interview: 13:05 - 14:11

1. a) *What is your position as MOFA in the light of non-traditional SMES exports in Ghana?*

Project Coordinator (Export Marketing and Quality Awareness Project)

b) *What are your day to day responsibilities?*

Work with its skeletal staff of about 15. and mostly work through or with other implementing agencies within the ministries of food and agriculture; local government, and external agencies. Such as Feeder roads, Ghana Standards Authority, Ghana Export Promotion Authority, Federation of Associations of Ghanaian Exporters, Horticultural Trade Associations, contractors' consultants. I coordinate the activities of both the specialist and implementing agencies as well as our suppliers and contractors.

c) *What are your key functions?*

The key functions are to manage and coordinate the project to ensure that the objectives are achieved. So I supervise the general specialist that oversee the implementation of the project. I allocate tasks and resources, supervise their us. And report to sponsors such as financing organization like UFDP, supervising ministry like Ministry of food and agriculture, which is also the implementing ministry as well as Ministry of Finance. I deal directly with the task team leader of the African Development Project to ensure that the annual work plan and budget activities incorporated therein they say there is no objection to implementing them and so on.

Probe: how important is this role in the light of non-traditional exports?

I will say our function is a facilitating role. We are not producers of non-traditional products. We only facilitate

2. a) *As Ministry of Agriculture, who are your main competitors in the area of Horticultural SMEs?*

We do not fall into that role as having competitors. Our role is to facilitate exporters to become competitive. So at best, we have partners who work with us

and who are also on the field. Because of our mandate the role we play on the field is to coordinate, all players in the field that assist farmers and operators to improve their productivity and enhance their income. So we do not have competitors in the street sense.

b) What your main horticultural products?

As I said earlier, we do not produce horticultural produce, but we facilitate what the exporters are doing. Therefore, if I have to speak to that, I will say our products are what Ghanaian horticultural producers deal in. And these include banana, pineapples, mangoes, papayas, oranges, Asian vegetable that includes chillies, okra, garden eggs and the various coconuts these are the main things we facilitate.

c) Why are they referred to as non-traditional export sector?

That is a designation by the government. If you look at Ghana's export structure, we have over the years been exporting mainly cocoa, gold and timber, and they have been classified as a tradition because this is what we used to do. So anything apart from these three classified as non-traditional, out of those non-traditional we have agricultural and out of the non-traditional agricultural we have non-traditional horticultural.

3. a) What are the main horticultural SMEs that Ministry deals with?

Ministry deals with all operators in the field that support horticultural production. By our mandate, we are not supposed to discriminate. So anybody operating that needs, assists we do not discriminate, we also provide assist without trying to identify particular people, but it is a general support, so we deal with all of them. From farmers, be it small or big, from agro-input dealers. From machinery suppliers; who may not be dealing directly with producing the produce but offer machinery or other inputs that are used by farmers to produce. And also either export directly and also sell to intermediaries who convert those intermediary products to final products, so we cut across the whole range of SMEs

b) In your opinion can you give me the names of the top five horticultural SMEs?

In terms of volumes and values, Golden Exhorts Ltd., HPW, Bomarts, Prudents, George Fields and Blue Skies.

c) How do you rank them and by are you ranking them?

Well, we do not have any specific ranking method. Our job is not to rank, but they can be ranked in terms of volumes of their export, or the value of their exports. But I have not done that in any particular order but if it is of value then Blue Skies first, Golden Exhorts, HPW, Bomarts and Prudents in terms of the values of their exports.

d) How do you evaluate the performance of horticultural SMEs?

a) In terms of classification among best, medium and worst performing firms

We do not have any classification, and we have not taken those data as well. But maybe you can check with Ghana Export and Promotion Authority. They have their yearly awards and criteria for best exporters, but the ministry have not been ranked them.

b) Is there any prepared national ranking of all the horticultural SMEs in Ghana?

Not that I know.

c) Can you provide any specific reasons that differentiate top performing from non-performing firms?

a) What does the concept of international competitiveness of horticultural SMEs mean to you?

My basic understanding of international competitiveness of horticultural SMEs without recourse to technical or academic definitions is, the ability to be able to make your product available to the consumer to pick and demand your produce more than other products. Being competitive is the ability to attract the consumer to pick your products. If you send your products to the international market and consumers are not picking but rather demanding other people's then it means you are not competitive.

b) Are there any standards/benchmarks along which the Ministry Agriculture measures the international SME competitiveness?

We do not measure the competitiveness as in an academic manner. We have measured it as how to do interviews with our farmers, how products are being accepted on the international market. We also look at statistics and compare to market shares that our people have the number of years. Are they losing out, are they gaining market shares, are our export volumes increasing or decreasing? Those are the basic things we have been doing. Of course, we have commissioned a few studies here and there. There has been some

amount of benchmarking done in terms of marking the cost structure of Ghana's pepper, okra, pineapple and that of Costa Rica. There have been some studies done not annually but periodically.

c) In what way does your Ministry support SMEs to sustain the international competitiveness?

We want to ensure that their productivity improves. Therefore, we provide technical support in the country and out of the country. But we do not have local expertise, but we do bring consultancy that interact with our local expertise and provide support to farmers for productivity enhancement. We provide and facilitate their travel to trade fairs, and they can observe the quality of their competitors' produce, packaging and how they organize businesses. We also looked at identifying some of the main things in this country that militate against competitiveness. For example the quality of the road, therefore we can see that for the past ten years Ghana has invested in improving the road networks in the growing areas so that they can reduce transaction costs. The government has also built pack houses to enable our exporters have access to pack houses to enhance the quality of their produce. The government has invested in regulatory agencies to ensure they can perform their work better, for example, pesticide residue analyses laboratory has been established to monitor maximum residue level of our produce. So the competitiveness as we see cut across at the macro level whatever government can do to support. In our major road like N1 in Ghana is directly a link to government desire to see that produce are moving quickly to ports of exit that is Kotoka International Airport and Tema Port. That is one of the reasons the N1 is picked If you are going to the airport. We have a perishable centre so that the exporters can store their produce under the right condition. We have a fruit terminal at the Tema port where fruits in transit can be stored under optimum temperature and condition all to ensure quality is goods.

10. To what extent would say government support facilitates the international competitive of the non-traditional horticultural SMEs?

- i) to a very large extent 75-100%
- ii) to a large extent 55-75%
- iii) to some extent 30-55%
- iv) minimal extent 0-30%

In my point of view, I will say 75%. Had it not been government support directly I do not know if these businesses will thrive. Although exporters may not see it this way because they would want everything for them free.

b) Can you outline three specific strategies that are being adopted by government to improve the international competitiveness of horticultural products?

1. Providing support to improve the coaching infrastructure is one very important thing. And indirect government support through the compact it signed by the Millennium Challenge Account so that the major horticultural company were assisted to have pack house a cooling facility

2. The Government invested in Roads

3. Technical supports- Bringing in expertise and building local expertise are strategies that government used. The Government used a vehicle such as small to medium term projects to deliver these strategies. The Government having identified that post-harvest infrastructure is inadequate, it used these projects to provide it like the horticulture export industry initiative. Export marketing and quality awareness projects, Millennium Challenge Account Compact which was established by the Millennium Development Authority; used these to build those roads and post-harvest infrastructure. The establishment of an export development investment fund that has now become an export development and agricultural investment fund. Of course, there have been challenges, but these are strategies to make available funding for those in the export industry.

11. There have been recent reports about government signing the Economic Partnership Agreement (EPA) with the European Union.

To what extent do you consider this development as a major influencing factor in our (non-traditional) horticultural export sector?

i) Major

ii) Minor

iii) Not at all

The European market constitutes 90% of our export market when we talk about non- traditional export and therefore anything that will limit our access, be it tariffs or non-tariff barrier, will erode our competitiveness. So by signing that agreement at least gives comfort to operators in the sector that their market competitiveness is not going to be eroded. And, therefore, they can continue doing

their business and still have that competitive advantage that they used to have vis-a-vis fewer tariffs and quota frees they used to have

12. *By industry players I mean the major organisations that play active role in supporting horticultural SMEs such as the following:*

Ministry of Agriculture

GEPA

World Bank

FAO

UNIDO

Can you comment on their respective assistance programmes offer to horticultural SMEs in Ghana?

You should include the African Development Bank, they contribute hugely, and GIZ is a German technical assistance. The African Development Bank supported export marketing with 28million dollars dedicated solely to the horticultural industry. They support the northern rural growth project, which has a big component of horticulture. But not entirely dedicated to horticulture; they are indirectly assisting road project they have supported throughout the country. Accra-Aflao road where most of the roads in the Eastern, Central Volta and Greater Accra were supported by African Development Bank. Training of exporters, agricultural technical support, also facilitated by African Development Bank ADB has been very supportive the company has not taken advantage of the window. The World Bank horticultural in supporting government providing tech support undertaking studies to be able to understand the challenges. And what can be done to address those challenges put the industry on a level of other industrial what can be done pre-terminal Tema port I believe there are companies that may have access. IFC has assisted some other companies. Providing with some financing.

The World Bank: has played a very important and helpful role GIZ moved in not too long ago but has also supported to some extent. Most of some of their support are softer than the hard. They have also worked hard to ensure that they are company established in Ghana and can undertake certification of funds. So that they can comply to do those certifications; they have also been involved in training for farmers to improve their productivity. FAO has not been too much involved in horticultural to my knowledge. They supported biological agency

when they were an outbreak of bugs which nearly wiped out the papaya industry biological industry that controlled the bug they contributed. They are facilitating trade supporting the industry at the beginning of the whole industry and looking for a market for farmers. Taking them to the exhibitions, bringing consultants and expert to support the Ghana industry, and took the interest in the vegetable industry. They played a very major role. They are very important.

UNIDO they have been trying to support the horticulture industry. Providing them training equipment that are not very conversant instrumental supporting the Ghana Standard Authority to comply with the various ISO standards so that their test could be accredited internationally.

Ghana Export Promotion-They are the facilitating industry. They take them to fairs and exhibitions.

b) Can you outline any proposals to make their contributions to the horticultural SMEs' sector more effective?

I wish there were a coordinating unit somewhere, we had a coherent strategy for the whole industry accepted by the whole industry so that there will be less effort so that resources can be applied. I think there is too much conflicting on the field when it comes to conveying messages to the farmer have not been unified.

13. As the Ministry of Agriculture are you aware any future government proposal focused on supporting horticultural SMEs?

If you look at the Ministries medium, I think the agricultural investment plan that takes from the Food and Agricultural Policy. You will see that horticultural sector and non-traditional sector features very prominently, and it is going so for the future. If you look at the seven pillars of the policy, some of them are very relevant. We are talking about food security, nutritional, security as well as quality. Reliability of horticulture produce, consumption of agricultural process will go a long way to provide help get nutritional quality of the food intake and health benefit and food security and income generation in horticultural produce and income generation of farmers and the application of science and technology. And therefore, must make use of the science as well as the high calibre of human ability. So in the ministry it is an integral part and foreseeable future

b) If so can you comment on any of them?

c) If not what in your view would you propose for the government as far as this sector is concerned?

13. *In your opinion what are the major challenges facing non-traditional horticultural export sector?*

We still have productivity challenges that we are yet to cure. We are not very good at innovating. Our research institutions are not focused and addressing our present horticultural challenge, so we have a weak research support system. We have problems with financing. Financing horticultural is still a problem because we do not have appropriate horticultural financing. There source for short term financing are available, but long term on crops or equipment we do not have financing for them. Appropriate financing that takes into consideration gestation period develop and if the people can pay back therefore financing is important, and they are always struggling to find working capital, so it is a big issue. We also have a problem with the land acquisition. Acquiring land in Ghana is a big problem, and you have to deal with multiple people. Also linking our small operators, most people operate in small fields and how to integrate these small operators is a challenge. Small operators are unwilling to work together as a group. So that makes it very difficult to bring them together in a manner that is efficient, and so they are spread all over. You have to give a person who is on about a kilometre of land, and the next person is 2km away. So how do you organise them? Even if you want to buy, you have to be hunting around. If you want to put up an irrigational system for them, it looks so impossible. These increases transaction cost. Since you do not have huge lands, you need to find another alternative to achieving the economy of scale. The Government is doing a lot of acquisitions of irrigation. Most farmers cannot access these irrigations because the way we are scattered.

b) In your opinion, what would be your proposals in resolving these challenges?

In Ghana how do we deal with the land tenure system? How to deal with land boundaries and we have to make sure it is done and achieved. Encourage people with lands should register these lands with investment promotion authority, Ministry of Food and Agriculture. So that we can take inventory of those lands so that people who are looking for lands can contact. Look at a situation where communities that are willing to use their lands as equity, rather their lands taken away from them. Because people are emotionally attached to their lands, so they are irrational when they feel they are losing it forever. They will rather see the land there not being used and owning it rather than taking it away from them, so

if there is a way they can give it as equity, then they should be supported. Another way we have to look at in horticulture we should look at the enclave course with the sense various demarcated will identify other geographical areas or crop production areas and are designated for enclave production. So it is important the operators of the field settle around and operates from these areas so that we can provide irrigation. When the people are together, it becomes easier and efficient to provide irrigation and marketing and pack house services.

It becomes easy for the ministry to set a small facility to support and can become a good marketing point for the farmers too rather the market women hunting. Also the financial products. That is the government policy. If we are going to charge the same policy as an import to export then it is difficult also can we explore this insurance thing to reduce the risk for members. Marketing even the local market chain is under development so if we can develop the local market properly and how our fruits are handled, stored present in hygienic conditions and spoilage is reduced so that farmers can benefit. A basic requirement of the farmer is met so that they can be forced to do the right things. Also, private partnership is encouraged

14. *In your view, what concrete steps can be taken by the following to make SME horticultural Exports more internationally competitive?*

d) Government Export Promotional Agency

e) Associations of Exporters

f) Horticultural exporting firm

They must understand their roles, play well and work in unison. They are all working at the end of the day towards the same direction. It must not be done in isolation, but in the interest of the whole body.

I want to see them pro-activeness and professionalism, they are not firmly planted on the ground, become autonomous rather depending on donors and donors drive their agenda, and this may not be that of the country. We can we do so that our people can so rely on us. They must be able to lobby government and be equal partners in development than being technocrats. We may not have all the necessary information. They do not influence government policies much because they are autonomous. They send people who cannot take a decision. The human capital and they must attract and retain at management level, technical levels. Tell

universities the kind of people you want them to produce for you. If you have to deal with Tesco and others, then you need to be developed people. But it is not easy with them. It all depends on the better management of resources. These needs leadership that understand international market

15. Any final comments?

APPENDIX 7: Interview Transcripts – Ministry of Trade and Industry

Date of Interview: 09/10/2014

Time of Interview: 16:03 -17:01

What is your position as MOTI in the light of non-traditional SMES exports in Ghana?

The ministry currently is the policy arm of government. Policy implementation for the various sectors that fall within. So if we mention horticulture is a dual ministry, looking at trade and industry. The trade ministry looks at an aspect of production all the way into the market. Horticulture specifically, there is a ministry of agriculture, which is more concern with the lower end of the value chain. That is the technical aspect of the production process from the mobilization of farming input to the farming process up to harvesting and primary post-harvest. From that point onwards it enters the market. To facilitate the various processes, there has to be measures to improve marketing, sales, trade and product. Aside the knowledge of knowing that there is an enabling legislation that will enable the private sector performs effectively and efficiently. The ministry also runs a specific intervention program implemented through the various divisions that are here at the headquarters and its agency. We have here a domestic trading division that is interested in all aspects of the domestic trade. So when the products enter the domestic market in terms of pricing and distribution, this ministry handles any issues arising.

At the various ports of shipment, we have a trade facilitation division here that is also responsible for ensuring a smooth transition from this country to other countries via our various ports. When I say facilitate means that at least monitor and oversee, and intervene when necessary. That is handling the export procedures in terms of documentation and handling, and the actual shipment, so the goods get to the market on time and in good shape, and at approved and acceptable cost.

We also have an export trade development division, which is where we are now which sees to the development and promotions of product that are going to the international market. This vision works backward to see the supply base, the availability of the product and any bottlenecks that are hampering the enterprise from the companies

engage in the production. To help formulate the appropriate government intervention in collaboration with other sectors; such as Ministry of Agriculture, Ghana Standard Authority, Food and Drug Agency, Environmental Protection Agency, and so on. In regards to Agro Chemicals, there is a donor community who come from time to time in the various project to see to the sector. And so ministry is like the oversight as well as down on the ground building dual roads because the policy is not from top to down but from down to the top as well. Our interest is to help exporters, producers, and farmers learn and understand; and know what their problems and issues are and know what can be done to address them

How would you describe the performance of horticulture SMEs export

Here horticulture is a very wide front. So we are assuming that the main horticulture product in Ghana that we know are fruits and vegetables; like mango, pineapple, papaya, banana, and citrus. Vegetables are much wider. Also flowers but only at the beginning of a good flower industry and doing better in foliage than the actual cut flowers. If we take them, product by product, they are performing differently. Pineapple, for instance, is currently facing a lot of difficulty at this moment and needs a lot of intervention.

Pineapple has gone down, and SPEG can give you the exact statistics and figures. so a lot of work has to be done to bring it up. But on a whole your culture has the potential and has been selected as one of the priority products under the national export for strategy. Therefore, it will receive the necessary attention needed to improve its performance. Because of the relatively shorter gestation period, and it's potential to engage in large numbers of farmers in the productions to make it strategically important.

As I am speaking now, you may ask what the ministry has done. The ministry in collaboration with its agencies has already started some support intervention towards horticulture sector by addressing the needs of the pineapple farmers who variable are the commercial medium to large scale farmers.

Now, strategically, these groups of farmers can cultivate relatively large tracks of lands and therefore by encouraging and supporting them to diversify away from pineapples and into certain selected vegetables and also possibly yam. One, they

would be securing the supply base by ensuring against any single product. Two, they would be introducing large-scale commercial farming, which at the moment is only well developed in the pineapple sector and then the tree crop fruit like mango. We do not have it much papaya and vegetables so by letting that large-scale pineapple farmers diversify to other fruits and especially to vegetables we would be moving the vegetable sector also forward. Some supports have been provided to enable pineapple farmers move into melon production for export. Melon is a high-value product. One, they would diversify by using their current investment in pineapple to move horizontally into an alternate product; that will guard them against fluctuations in pineapples market. And also enrich their cash-flow because melon is a very short gestation period and could make 2 or 3 circles annually and the same time that pineapple would come out. So that support has been given, and it would enable those members of SPEG to go into melon cultivation as well as introducing 600 out-growers also into melon cultivation.

So that support has already commenced, and we rarely reach mainstream expansion in 2015. The other agencies are all part of this program, and funding support was provided through EDIF, which is an agency of the Ministry. And the market development on board would be done with the participation of Ghana Export Promotion Authority; which is also an agency of the Ministry. We also hope to involve some agencies such as GRATIS. Also an agency in the ministry; they would be able to support at a lower level the deployment of processing technology, and processing equipment for the small scale as we seek to add value.

But the medium to large scale processors will need a different set of intervention. They would need to build up capacity utilization in the existing factories because they have factories already, and they need to utilize it. Since they are producing under capacity that has to do with raw materials availability and working capital availability; so the ministry is working with them to address these problems. The other problem has to do with the land, especially within the pineapple belt is one of the issues to be addressed within the national export strategy. It is become of an acute nature in recent times because of the nearness of pineapple belt to urban settlement. And naturally there will be pressure on the land, they need land use for a human settlement that is what is going on now. So in collaboration with the Ministry of Land and Lands Commission, and

the traditional authority, we would look at what to do if possible to address this issue. Probably, maybe coming out with a clearer land use policy. And the other hand perhaps the wake of the melon diversification encourages them to move further upland, and so they are further away from the urban settlement.

As to the knowledge capacity and skills of the operators in collaboration with the ministry of trade and agriculture and some NGO, there are on-going programs. These would be accelerated during the export strategy implementation to try and train more and more farmers. Particularly the smallholders in the use of agrochemicals. Legal, commercial farms have these skills so together with them; we would try to bring this skill the small holders as well. Then related to that is the issue of certification. There are on-going certification programs that will continue to thrive to support in the way that we can. There is a window opened for smallholder certification. So with the bigger company they will continue with what they are doing. But the smaller ones with the help of the ministry and its agencies such as EDIF and some NGO will continue to offer their support. In terms of bringing the experts or subsidizing for supporting the cost of paying for the certify or auditors; that is the biggest cost items. Perhaps some of the installations they have to put in place to qualify, but certification is grouped because it enhances their market. As for their market access itself, I will say Ghana is known in the international market, as far as agriculture products are concerned. And we are quite competitive in many aspects and approximately the time to the market are in our advantage. The seasonality also places us to be able to cultivate during the off-season for the off season product. We need to deploy more irrigation facilities and infrastructure to be able to cultivate during the dry season, which is the off-season in the major market so we can supply those markets. And that the ministry together with the ministry of agriculture and irrigation development authority are working to improve the irrigation facility.

For pineapples as part of the melon program of irrigation infrastructure is being provided to the pineapple exporters. For vegetables, the major installation is already placed in the Kpone lake bank area where it is already about 2400 meters lands placed under irrigation specifically for vegetable production for export. We have one large anchor farmer already in place Vegpro who is producing and exporting at the moment. 880 small holder farmers have been in vegetable production for export and at

this moment steps are being taken to try and get these farmers to move on to their own lands. For the reason that they were trained on the land being occupied by Vegpro so they would now move to another portion of the irrigated land, and they would produce, and Vegpro will buy as off-taker. There are some meat size farmers who are also there. Some of whom are known in the other product areas, some are mango producers already, and some are already producing other vegetables and they are also there.

What advice would you give to exporters and farmer or operators based on the advice and support to make them internationally competitive?

To be internationally competitive, there are many factors to address. One is the availability of your product on time and in the volumes as required by the buyer and they of the acceptable qualities. If you can address these three factors, then you will be competitive provided you and buyer can agree on acceptable cost. So the timeliness, the volumes, quality and consistency and cost is what any exporter especially the perishable would always have to be mindful of and address all the time. Products that used to go by air, and many of them are going by sea now to reduce cost. The quality is still unchanged, high quality, so they have to ensure that despite the fact that they are going by sea, the other factors do not suffer any compromise consistency has to be there. The sea shipment would enable bigger volumes to go any given time, and the time may also be longer than air shipment. But nonetheless if it is shorter than the time it takes for other countries to arrive at the same market by sea then we are ahead of the competition.

APPENDIX 8: Interview Transcripts – Export Promotion Agency: Exim Guaranty

Date of Interview: 10/10/2014

Time of Interview: 09:00– 10:00

What is your role as Exim Guaranty in the light of non-traditional exports?

Our core mandate as Exim Ghana is to provide credit guarantees to SMEs that want to access funds from their banks and for inadequate security, they are unable to do so. What we do is that when they have the challenge of not being able to meet the collateral requirement of the financial institutions. We then come in to support them with the credit guarantee so that they can have access to the funds to do whatever they want to do. Specifically the sector you mentioned, we help them with pre-shipment, and also shipment, and that is what we do for that particular sector, and we have been working with some financial institutions specifically non-traditional export.

How would you describe the performance of horticultural SMEs in Ghana?

It's quite difficult to say whether they are performing well or not. Because of the challenge they face as far as one, finances are concerned. It is very difficult to expand because banks naturally have their perception about anything agriculture and, therefore, see that sector be a risky sector and would not want to put in funds. The second has to do with the managers of these firms or managers of these SMEs they may not or do not have the requisite knowledge to manage their businesses. Sometimes they do it as a source of income for them, but to have time to obtain the knowledge to manage from scratch till the goods or the produce get to the final consumer is a problem. Sometimes I would want to put the management factor above the financial factor. If you can manage the businesses well, keep your records well, and have your orders in place. And you approach a bank or a financial institution it may not be difficult for them to fund whatever project they want to. People jump into certain things because they have heard there is a market here or there. They do not take their time to research about, and that is one big problem.

Do you think SMEs can be competitively improved?

They definitely can be improved. One other thing we do at Exim is we provide a capacity building. We meet with these SMEs; we train them as to how to manage their businesses, and how to keep records of orders. We do not just provide credit guarantees, but we provide additional services in the light of building their capacity to be able to manage their business. Some businesses have remained the way they are because they do not have the management capacity to go on. Some businesses will collapse because there is nothing like a succession plan so once the owner passes on then that is the end of it. People cannot say that let me go into partnership with this person, so we pool our resources together and move on. But gradually we are equipping them with the skills needed. So that aside the finances, they will have the management capabilities to run their businesses and until they get there it will be very difficult to compete internationally. Those who will be exported from the Netherlands, and the UK, and see what they do as a real business. Or see it as their main business that they are handling, and they make sure that things are done in order or done properly. When they prepare a business plan and show it to a bank; you see that what they have put down is something that can happen. And here the one preparing the business plan may not even understand the business, the custodian of the business plan may not also understand the business plan so from the onset there is nothing.

Specifically, what type of support does your institution provide for SMEs?

As I mentioned, we help them so they can access finance from financial institutions. We also build their capacity.

Do you think your support can make them competitive?

In fact what we are doing is we are helping so they can expand whatever they want to do. If they were exporting maybe one ton, and now they have access to funds, and they can expand the increases of their farms. So that they can export two, three or four but it requires financial assistance because most do not have the requisite collateral we have to come in to help. So what we are doing is our core mandate, we want to look at the productive sector where we also believe that it can generate more employment and more income for the economy. Our support is geared toward increasing the export of non-traditional commodities. That is what we want to do.

Do you think government helps non-traditional export services to be internationally competitive? Do you think the support the government is giving to the SMEs can make them internationally competitive?

You see, currently they are lots of disintegrated structure here and there. EDIF is here, venture capital is there, the ministry of trade and industry is there, you may have a lot, yes, the programme is there, geared towards helping SME's. It will be better all these structures are put together to address the basic needs of the SME's, that is what needs to be done. So that when you go here you know that everything is there you go you get everything, and that is all. Well sit here we will support if EDIF wants to give a facility, yes, we will support. We will support if a bank wants to give a facility, you see, until we realise that we say it yes about 95% or so of top registered businesses are SME's. SME's provide not less than 60 or more than 60% of employment in Ghana. Therefore, if we see them as building blocks for the development of the country, then structures must be put in place. There should be some consolidation of all the fragmented pieces geared towards helping the SME's. I believe that most of the things that we import could easily be produced in Ghana but where are the structures? You see somebody will wants to establish a business, a foreigner and is given tax incentive, an indigenous wants to set the whole business for export, and you will not enjoy the tax incentive. So you look at certain things and you as an SME's in Ghana, you are already at a disadvantage. Why should it be so?, All those fragmented pieces can be brought together as a piece so that the SME's can take advantage. Per the 2015 budget, they want to have what they call Exim bank. To me if this is done, it's going to help SME's so that venture capital whatever will be brought under one umbrella. Exim bank and that bank will solely focus on SME's that will want to export to other countries. It is good for the country, so we are looking for that to happen, the SME's to develop, our doors are open to offering whatever that we can to see that bank established. So that is what I think the government can do.

In what ways has the recent economic development that's the economic partnership agreement imparted on non-traditional export particularly the horticultural products?

You see there have been a lot of talks on this EPA, talk about it here talk about it there whether people understand it, or people do not understand it. The question I ask is, have we engaged the people in the industry. Are we not the academicians talking about this .have we being able to explain to the basic level what all these entail. This person will hold one leg here that person will another leg and be saying whatever. What are the prospects? There a lot of discussions going on about the economic partnerships but as to what comes to the SME's in Ghana a lot of people are still not sure of what

benefits may accrue from that. Forums are being held for academicians but not those who are really in the business, and they may not understand some of the terms that are being used during those discussions. So they hear this and then oh it's not good or others will say oh it will be good. To me as a country, we need to weigh it, bring the figures and explain to them this is how it is going to play out. For everybody to get an understanding; then if I am into pineapple, or I am into weaving, or I am into carving will be able to export more. These are the things to be explained to the SMEs for them to embrace the concept or otherwise.

So are there any future plans for Exim Guaranty for supporting horticultural SMEs

We are already doing it.

Is there any future plans like new strategies that you will want to

Now what we are doing is that we have been working directly with the banks sometimes as I said we meet with the SME's to build their capacities but I think we will want to do more targeting. In my way will say target marketing get these people to understand their businesses very well. So that now we will want to pull them to the bank get them sit down with them. Do all that is needed and then send them to the bank instead of them going to the bank getting to us through the bank. We will still be getting to the bank but we want to do the pull type of marketing. Go to them tell them that we will be able to help them resolve some of the issues they have. Being it management or being it financial; so that we will provide a holistic solution to the money problems they have.

Finally can we say something about what the association of exporters are doing?

You see they are doing their best, but one, they don't have enough funds on their own to do so many things. To me, they have to spearhead looking for markets here and there, but they don't enough. If we want to drive exports, then there should be an incentive from the government towards that sector. But whether they are getting that support or not, they don't have. If we have to talk about horticultural produce, then we need storage facilities. Where are they? They are not there. That small SME's cannot get a place that they want to export. It's the few big ones that will be able to afford it. It's not bad and if you want to build your own you cannot. Sometimes you go to the airport, and fresh flowers have been imported. We have the same flowers here that we can also take advantage and export. Where are they? There are other horticultural

produce that we can We do very few, very few. If the association is asked there is a new breed of variety, we want that variety. How will they implement, they go to tell a farmer cut down those and plant these; and that the farmer will never agree. What are the incentives for doing that?

Because of the time is there anything else you would like to add to what you just said?

What I would like to say is this is our country and the realization that SME's is the building block for our development cannot be overemphasized. Everybody is aware of that, but our attitude towards the SME Centre is what we need to change. You go to China, and all that, everybody will want to do something because the environment will align to do that. We have a lot of potentials in this country. We have the land; we have all the resources, but these are to make available to all the SME's, but we don't have access to all of it. The land tenure system is a problem, the finances is a problem, management is a problem; the realization is there the potential we all know. But attitude, attitudinal change so that we can pool our resources, pool our strength together and help the SME's, and I can tell you people will just stay and be working in the country. But now the SME's have a lot of problems and therefore very difficult. The government will promise we'll do this, we'll do that, but it's not done. Electricity and Water are problems. So doing business in Ghana is very difficult; if you want to think about exporting, sometimes it's not worth it. So it is better you go, and import, and you also come and sell. But I think the potential is there I think people should still be encouraged to do what they are doing. They are creating the employment if they stop, the unemployment situation in the country will rise. Government realizing the potential of the SME's must also come up with programs that will help the SME's to grow, especially when it has to do with our exports.

Thank you very much for your time.

You are welcome.

APPENDIX 9: Interview Transcripts – Export Promotion Agency: Federation Association of Ghana Exporters

Date of Interview: 14/10/2014

Time of Interview: 15:00 -16:02

1. *What is your position as FAGE?*

A Federation Association of Ghana Exporters. As our name connotes, Federation is a coming together of bodies of business entities, who have an interest in their specific sectors; And have come together within the non-traditional export sector to work together. Here we have those who are in horticulture and other vegetables in generals and those in wood, garden, foodstuff, salt, handicraft, etc., these are various associations. So the federation has a common goal in terms of advocacy; to be able to advocate case by case specific to various interest groups on behalf of the group. And certain things that concern the group activity and their interest would be taken care of. Therefore the environment if certain policies will not lure into their benefit the federation goes in there to bring the attention of the government to see to it.

It can be labour issues, the cost of production issues, it can be a government on policy making in the area of partnership, etc. Government signs certain trade agreements and many a times government goes in there without having to consult the practitioners and later find out that certain aspect does not benefit the Ghanaian entrepreneur or the Ghanaian business person. Also with SMEs where you are coming from and where we are, they are not the same in practical terms. The definition is different.

Also, their competitiveness the background informs us that as singular as there are it would be difficult that is why they need an association. In terms of financial and logistics, it is best same interest would come together so would be able to leverage unity to compete. For example, if there is the order of cashew and looking at the volume of supply and the frequency of the order; you need to make certain conditions. Before you can access payment and that will go into marshalling if it is about four containers per month. If you look at that enterprise, there is no way to fulfil. Because it is beyond the small scale enterprise and access funds will be a challenge. And any

other means to arrive at that the cost involve, will not make that enterprise competitive. Therefore, it is very difficult for a small-scale Ghanaian enterprise singularly to be competitive.

The next thing is the quality. So how would these groups come out and ensure quality? Because the farmers themselves are not the exporters so you look at that, so the exporters have to go back and look at who produces. Also, these factors also do not help exporters to export on time and even the quantity even not gotten to export. They may sometimes be able to export the first time, but the second and third export becomes a problem. These and many more put together makes Ghanaian small scale enterprises not competitive. Even though generally from where we are coming from as a country, that should have been the strength of the country. So we can depend on it and make an impact on the economy, but the government does not have money to support them to a point and they must have support in other for them to be competitive. If they are going to use a loan, ask about the interest rate. It is cruelty what the banks level with us. They lend the money in 12 months and factor the interest rate, not compound interest; they do it such a way that may be six months and you pay the interest and the fraction of the capital. What happens is that if you ship the first one you would not be able to use the same amount of money to do the next shipment. You rather need a business that can earn twice the interest so that you can pay and still export because by six months they have taken their interest and money back.

Also pricing compared to other countries is also a factor. I will need money to buy a bulk product for six months ,e.g., Palm oil when it is available and cheaper. I can make margins when harvesting is over. Which kind of loan will be given to people who have such plans to store these periods of time?

2. How important is this role as institution in the line of non-traditional export

We know our problems and we have our solutions. But FAGE has its challenges as anon-profit organisation so any other activity you outsource is not for free. If you want to bring in people as staff, is not for free but the law says it is non- profit. So it becomes difficult because we do not have the money to do what we have to do. We have now sourced money for the construction. It makes it difficult for FAGE to do what we want to do to impact the members the small, medium export activities not that we do not

know what we want to do. There should be a way that loan given to business like us must be different so we can succeed in that as a country. Because others are getting help in their country so that they can continue in the business even though they do not say it publicly; especially certain key areas that individual cannot they give it to a group. They survive by grouping and this should be the case here as well. For example, the kente weavers, what has to be done is put them in one group like a warehouse of a capacity. And put the necessary things there and have one expert supervisor to see to it that quality is key and what is expected is done and this will help the economy. People can place orders through that warehouse and it would help all of them. But I do not know why we cannot work together. That is a defeat. But I have to understand the system does not help do that it is not rewarding. The funding is not available to do that.

Also, the transport system is a challenge. We can do well here but if it is about export we do not have control over the vessel. If we ship to laCoted'Ivoire, goes to Spain before it gets to its destination. If we ship to Togo, it also goes to Spain and in the months before it gets there. That is why people want to use land transport. A small market cannot be okay. The police barriers alone can affect. They do not care about the perishable aspect of the product. You will be stuck there till you pay what you have been asked to pay. So you cannot be competitive. The system will not let you grow. The best is for you to stay as an enterprise because you are too small but you will close up because you are too small.

3. Specifically, how do you describe the performance of the horticultural sector?

It is not the best. The orders do come alright; the world is looking for Ghana product. We have advantages like flying distances but the production we are not able to meet them. It's huge and here the small scale you ask what is their maximum capacity if it is pepper, what is the size of their land that will be able to send two pallets of boxes by air. If it's about fruits, we have problems here too. Also about quality stuff. We have to face it and go by it. The cost of input because cedi-dollar rate. You may think you will get foreign money but won't be able to import chemicals. Why do we give glory to foreign money?

In changing our currency, you will not get the same value so their currency is not under pressure. If we also do same by selling in cedi and allowing the foreign currency to be changed at the bank before they come purchase, there wouldn't be pressure on us. But this is not the case so if they misbehave your business goes down.

These are some of the challenges

4. What percentage of the Ghanaian export does of non- traditional come from?

From us, you can get that data from GEPA because they are government agencies mandated to do these things because here our members do not give us their annual performance. Even if something goes wrong, they won't let you know, sometimes you even hear it from the public domain. Some fees will be charged to them, but they do not let us know. They are not transparent in what they do.

Also, research that will sponsor the researcher to help the SMEs. If you go to the donors, they are also going to your opponent and so they will not help. Business has its culture and character. Inasmuch as we want to build SME, there is a huge competition wants to frustrate you because angels do not do business.

You need new varieties and improved seeds. Even extension officers are there and would not want to go and help when they report. The farmers have produced a very good product and someone has to go and transport it to wherever. What is the capacity of those to do that, what is their logistic to handle the products? Let say pepper sauce, needs the ingredients ginger, pepper, oil, shrimp, oil, etc. and energy. We have not got who would help so the farther we go is to prepare it in powder under the hygienic condition and they come and take in bags, bottle and sell. Others come to take them in bags, some with shrimps, and other without shrimps. What the next person does is to add oil and package. We have the same vision but have segmented it. Therefore, no one is to destroy anything in the process. This is what the state should come and help. But we cannot do and such are the things do not help us to be competitive.

Even bamboo furniture, people patronise but ask if we have lands to grow and be able to supply our demand. Cain chairs are in high demand. We do not have supply base and so cannot continue. We do not have an excess of such materials. And so cannot set machines to process things such as fruits like pineapple, mango, papaya, etc. even

with papaya needs researchers because initially papaya was very reddish and its becoming pail now.

5. Do you think that your advocacy will ensure competitiveness?

It should ensure other than that is not useful for making people more efficient and competitive. But the bottom line is cost. How much did you invest and how much are you getting; and what is your margin? Let say you want to cut costs to stay competitive, by looking at the whole environment you would not know where to cut. Also, the media do not help us at all. Even though they have a role to play they are not helping us. They speculate and since we have a free market.

One cannot operate their enterprise for five years because some factors and people take advantage to exploit. Rent changes, fuel, electricity, change anytime and it affects drastically,

6. So do you think government help non-traditional SMEs to be internationally competitive?

All government agencies come together to make the environment clean. I have survived several governments and the issue here is about national issues. Everyone has a role to play. The government for me is bigger than the political parties. This is what we have to aim at. They have their interest so if you come with policies that will not support theirs they ignore but they say the government. When you go out there, the fruits and vegetable you see out there heaped along the roads are for export. Some farmer is losing somewhere. The farmer produces and the market might not be ready and so once it had reached a harvest time it is ready and so has to sell. The transport even takes more than half of your cost. The problem is coming from the agencies put in place to see to it that export and imports go on well.

7. What ways have the recent economic development has it impacted the non-traditional

It has not helped the economic partnership agreement is a block. The whole block of ECOWAS. He that is down needs fear no fall. The economic partnership agreement is done and once you go in such agreement; there are certain products that when I am bringing you is duty-free and vice versa and it sound nice and fair. But a Ghanaian does not have the product and so when we sign the agreement whobenefits? You of

course! Because you do not, have the product to send. You take a year and list what you have sent and what has been brought. You have not put down your structures, they would not say do not bring it. It's not a good product, chemical residue, proper packaging, etc., and they are very ready, but we have not put down structures. They see Africa as a consuming continent, and so even though we have raw materials, finished goods have to be sent to us. They know if they return them to China, they are doomed forever and so since they are looking at 50 years ahead and had to sign the agreement. The taxes of government are largely on imports and someone comes and says sign agreement and so when you import from me there is no tax, and you do not have anything to export. You sign, and there is an agreement, but what about of global standard. Everything is standardised even packaging. Our intellectuals are lazy in mind and are not ready to learn but to make money.

So economic partnership agreement is like trying to dine with the devil. Ask yourself what type of spoon you would use because over there only the biggest spoon will survive. Why Togo should have a free port and does not have to affect it. Somebody is sponsoring it.

APPENDIX 10: Interview Transcripts – Export Promotion Agency: Export Development Investment Fund

Date of Interview: 16/10/2014

Time of Interview: 11:00 -12:10

1. *What is your position as EDIF in the light of non-traditional SMES exports in Ghana?*

EDIF is a government agency providing financial assistance to non-traditional export. Since 2011 our operations have been reviewed and agriculture and industry have been added this year.

2. *How important is this role in the light of the challenges of non-traditional export sector*

The challenge that I see here is in terms of the channel of delivery of the fund. It is through the commercial bank, and they are to accessing the viability of the exporter and lend to them. And they bear full risk in there, and we are only using them as a conduit so if the exporters do not meet requirement might not benefit from us. Also behind that is the readiness of the targeted beneficiary to meet the requirement of the financial sector. Some might not be out to scratch in terms of business requirement like record keeping

3. *How do you describe the performance of horticulture SMEs in Ghana?*

For some time, they are doing very well just that I cannot put my hand on the figures. Since the EDIF was brought on board and the assistance of the GEPA they are doing well. One of the greatest challenges was the problem that the pineapple sector faces because they were the main drivers.

4. *How can SMEs be improved?*

There is the need for an enabling environment to be created for them because finance is their main challenge and not being able to meet the quality requirement. Now behind that is also managerial skills. And so for that there should be an environment by a third party to enable them have the right scale set up and relevant knowledge and export volume to give them sustainable export market.

5. *What standards would you suggest for them to be competitive?*

What the consumer is requesting must be met; that is the export market standard and nothing less. We have several markets where you can get same products from the different markets. Smart traders pick things at one market, package it well and send it to another market. If you want to transcend beyond the borders of Ghana you need to know their taste of those beyond Ghana and provide.

6. *What type of support does your institution provide for SMEs export competitiveness?*

Our institution does not look at the back end. We look at your financial needs so long as you go to the bank. Providing you will convince us that you are going to the export market. We also try and give grant and it is supposed to be for great association and government agencies to support export.

7. *Do you think your support can facilitate the competitiveness of SMEs?*

So we think, but the actual thing is we are not specifically involved because we give you the money thinking it can facilitate export competition, we are not on the ground to ensure.

8. ***In what way do you think the association can support SMEs to be competitive?***

Market research-If they are involved in this market research that can tell them the loopholes. With regards to export being able to meet quality and export requirements. Then they can use it to come out with a program to enhance export competitiveness. And tells us that these are the hole we want to fill instead of trying to do promotions, and they come back and cannot meet the packaging requirement.

9. ***What do you suggest should be the role of GEPA?***

They are into promoting and together with SPEG, EDIF; Ministry of Trade should provide market intelligence system because competitiveness is the information league that if you do not have you cannot be competitive.

10. ***Is there any future plan by EDIF for supporting horticulture SMEs exporters to become?***

We are in the process of developing a strategic plan so I will say yes, but for it to be effective, there is the need to be collaborating for players in the market for a holistic solution. I do not know to what extent stakeholders in Ghana know the content of EPA.

11. ***What are the challenges facing non-traditional export sector?***

Education- and go down to production volumes, equally all challenges that the three sectors are facing. Once you have less commercial farmers, we will have issues.

12. ***What concrete steps can be taken by the following to make export more competitive?***

Ghana Chamber of Commerce

Ghana Export Promotion Authority

They can leverage on their production volume other than that they cannot be sustained on the market, and they should be seen working together than competing themselves. When one is going the other is pulling him down and so they all fall. They need to come out as one and meet the outside market.

Ghana Chamber of Commerce should be seen as the frontline for the industry here and educate their members as to how to meet export market. They have to play a dual role. Look at what people want in the market and come and prepare them to meet the market.

13. ***What concrete steps would you suggest for them?***

Produce according to the requirement and meet the volumes. There are some hygienic practices that even farmers have to practice and even chemical usages are not done properly. Most farmers need to be educated. To improve your volumes and have to be serious business-minded and ask what they can do to step up volumes to stay competitive; and also adding value to products. Sometimes we send things, and they refine and bring it back at high cost so if we cannot send everything why not refine and sell on the local market.

14. ***Is there anything else you would like to add?***

I would encourage more educated people to go into farming and help out.

APPENDIX 11: Interview Transcripts – Export Promotion Agency: Ghana Export Promotion Authority

Date of Interview: 20/10/2014

Time of Interview: 09:40 -10:27

1. ***What is your role as Export Promotion Authority?***
We support the promotion of non-traditional export. We do product development and market development
2. ***How is important is this role in the light of the challenges of non-traditional export***
The Ghanaian economy depends on a few products like cocoa, timber, minerals, etc. We need to open the scope in terms of the product that is why we have non-traditional. Apart from cocoa and timber all others are non-traditional
3. ***How do you describe the performance of horticulture SMEs in Ghana?***
They have done a good job. The farmers of the small ones have helped by providing for export. But they have limitations in terms of quality
4. ***What percentage does the Ghana Non-Traditional Exports Account?***
Now it is about 20-25%
5. ***How can SMEs be improved?***
They need to expand their production base because they are limited by doing 2 acres.
6. ***Could you identify the best and worst performing?***
They are doing very well. But they lack the capacity to meet the market.
7. ***Are the reasons for their performance and non- performance***
The technical knowledge is since there is the difference between local and export market.
8. ***What type of support does your institution provide for SMEs export competitiveness?***
What we do is, we give them training about the market production etc. and sometimes, we have to import seeds and give to them because some of the seeds are not found in Ghana, and some do not have the foreign exchange to import
9. ***How does the support ensure SMES in Ghana?***
It is good. We help them so they can get the quantity and despite their weakness they perform well.
10. ***What would you think government helps non-traditional to be competitive?***
You should support and encourage them so that they can expand.
11. ***Do you think all the help government is giving to them will make them internationally competitiveness of SMEs?***
It is not adequate. The government support is limited
12. ***So what is the government doing to improve the competitiveness?***
Through our effort and other partners, we try to help. In the north, there are NGOs helping.

13. ***In what ways have the recent domestic economic development that is the economic partnership agreement EPA impacted the non-traditional export particularly horticulture?***
Our product does not attract tax in Europe, and so it is low, so they prefer to buy from us.
14. ***What does industry players e.g. MOFA, and international donors, assist SMEs to become more internationally competitive?***
They can do more. We need more technical support and more certification and other things. Also, the road network is very poor. Only a few areas have good road facilities.
15. ***Is there any future plan by GEPA for supporting horticulture SMEs exporter?***
We have a meeting where we are looking at areas where they are lacking.
16. ***What are the challenges facing non-traditional export sector?***
Finance is a problem because getting a loan attracts a high-interest rate. Also, land for this is used for estates. If that cannot be solved in 10 years, we would be no more.
17. ***What concrete steps can be taken by the following to make export more competitive?***
The principal problem is the land where people are taking over, and I do not know if the government is aware and not taking action. There should be proper land policies.
The association of exporters also have their problems.
18. ***Is there anything else you would like to add?***
The SMEs' understanding of the market will help them, and they need to be exposed. Even though they go to trade fairs, they are limited.

APPENDIX 12: Thematic Analysis

Basic Themes

	Positions	Job Roles	Performance	Support for SME Competitiveness	Challenges	Strategies
MIN OF AGRIC	Project Coordinator	To manage and coordinate the project to ensure that the objectives are achieved. So I supervise the general specialist that oversee the implementation of the project. I allocate tasks and resources, supervise their us. And report to sponsors such as financing organization like UFDP, supervising ministry like Ministry of food and agriculture, which is also the implementing ministry as well as Ministry of Finance		To ensure that their productivity improves. Therefore, we provide technical support in the country and out of the country. But we do not have local expertise, but we do bring consultancy that interact with our local expertise and provide support to farmers for productivity enhancement. We provide and facilitate their travel to trade fairs, and they can observe the quality of their competitors' produce, packaging and how they organize businesses. We also looked at identifying some of the main things in this country that militate against competitiveness. For example the quality of the road, therefore we can see that for the past ten years Ghana has invested in improving the road networks in the growing areas so that they can reduce transaction costs. The government has also built pack houses to enable our exporters have access to pack houses to enhance the quality of their produce. The government has invested in regulatory agencies to ensure they can perform their work better, for example, pesticide residue analyses laboratory has been established to monitor maximum rescue level of our produce. So the competitiveness as we see cut across at the macro level whatever government can do to support. In our major road like N1 in Ghana is directly a link to government desire to see that produce are moving quickly to ports of exit that is Kotoka International Airport and Tema Port. That is one of the reasons the N1 is picked If you are going to the airport. We have a perishable centre so that the exporters can store their produce under the right condition. We have a fruit terminal at the Tema port where fruits in transit can be stored under optimum	We still have productivity challenges that we are yet to cure. We are not very good at innovating. Our research institutions are not focused and addressing our present horticultural challenge, so we have a weak research support system. We have problems with financing. Financing horticultural is still a problem because we do not have appropriate horticultural financing. There source for short term financing are available, but long term on crops or equipment we do not have financing for them. Appropriate financing that takes into consideration gestation period develop and if the people can pay back therefore financing is important, and they are always struggling to find working capital, so it is a big issue. We also have a problem with the land acquisition. Acquiring land in Ghana is a big problem, and you have to deal with multiple people. Also linking our small operators, most people operate in small fields and how to integrate these small operators is a challenge. Small operators are unwilling to work together as a group. So that makes it very difficult to bring them together in a manner that is efficient, and so they are spread all over. You have to give a person who is on about a kilometre of land, and the next person is 2km away. So how do you organise them? Even if you want to buy, you have to be hunting around. If you want to put up an irrigational system for them, it looks so impossible. These increases transaction cost. Since you do not have huge lands, you need to find another alternative to achieving the economy of scale. The Government is doing a lot of acquisitions of irrigation. Most farmers cannot	Technical supports- Bringing in expertise and building local expertise are strategies that government used. The Government used a vehicle such as small to medium term projects to deliver these strategies. The Government having identified that post-harvest infrastructure is inadequate, it used these projects to provide it like the horticulture export industry initiative. Export marketing and quality awareness projects, Millennium Challenge Account Compact which was established by the Millennium Development Authority; used these to build those roads and post-harvest infrastructure. The establishment of an export development investment fund that has now become an export development and agricultural investment fund. Of course, there have been challenges, but these are strategies to make available funding for those in the export industry.

	Positions	Job Roles	Performance	Support for SME Competitiveness	Challenges	Strategies
EximGuaranty	Marketing Manager	Exim Ghana provide credit guarantees to SMEs that want to access funds from their banks and for inadequate security, they are unable to do so. What we do is that when they have the challenge of not being able to meet the collateral requirement of the financial institutions. We provide a capacity building. We meet with these SMEs; we train them as to how to manage their businesses, and how to keep records of orders. We do not just provide credit guarantees, but we provide additional services in the light of building their capacity to be able to manage their business.	It's quite difficult to say whether they are performing well or not.	temperature and condition all to ensure quality is goods. We are helping so they can expand whatever they want to do. If they were exporting maybe one ton, and now they have access to funds, and they can expand the increases of their farms. So that they can export two, three or four but it requires financial assistance because most do not have the requisite collateral we have to come in to help. So what we are doing is our core mandate, we want to look at the productive sector where we also believe that it can generate more employment and more income for the economy. Our support is geared toward increasing the export of non-traditional commodities. That is what we want to do.	access these irrigations because the way we are scattered. Because of the challenge they face as far as one, finances are concerned. It is very difficult to expand because banks naturally have their perception about anything agriculture and, therefore, see that sector be a risky sector and would not want to put in funds. The second has to do with the managers of these firms or managers of these SMEs they may not or do not have the requisite knowledge to manage their businesses. Sometimes they do it as a source of income for them, but to have time to obtain the knowledge to manage from scratch till the goods or the produce get to the final consumer is a problem. Sometimes I would want to put the management factor above the financial factor. If you can manage the businesses well, keep your records well, and have your orders in place. And you approach a bank or a financial institution it may not be difficult for them to fund whatever project they want to. People jump into certain things because they have heard there is a market here or there. They do not take their time to research about, and that is one big problem.	We want to do the pull type of marketing. Go to them tell them that we will be able to help them resolve some of the issues they have. Being it management or being it financial; so that we will provide a holistic solution to the money problems they have.
GEPA	Project Coordinator	We support the promotion of non-traditional export. We do product development and market development	They have done a good job. The farmers of the small ones have helped by providing for export. But they have limitations in terms of quality	What we do is, we give them training about the market production etc. and sometimes, we have to import seeds and give to them because some of the seeds are not found in Ghana, and some do not have the foreign exchange to import.	Finance is a problem because getting a loan attracts a high-interest rate. Also, land for this is used for estates. If that cannot be solved in 10 years, we would be no more.	The principal problem is the land where people are taking over, and I do not know if the government is aware and not taking action. There should be proper land policies.

	Positions	Job Roles	Performance	Support for SME Competitiveness	Challenges	Strategies
MOTI	Project Coordinator	The ministry currently is the policy arm of government. The trade ministry looks at an aspect of production all the way into the market. The ministry also runs a specific intervention program implemented through the various divisions that are here at the headquarters and its agency.	If we take them, product by product, they are performing differently. Pineapple, for instance, is currently facing a lot of difficulty at this moment and needs a lot of intervention.	To be internationally competitive, there are many factors to address. One is the availability of your product on time and in the volumes as required by the buyer and they of the acceptable qualities	the medium to large scale processors will need a different set of intervention. They would need to build up capacity utilization in the existing factories because they have factories already, and they need to utilize it. Since they are producing under capacity that has to do with raw materials availability and working capital availability; so the ministry is working with them to address these problems. The other problem has to do with land, especially within the pineapple belt is one of the issues to be addressed within the national export strategy.	<p>The ministry in collaboration with its agencies has already started some support intervention towards horticulture sector by addressing the needs of the pineapple farmers who variable are the commercial medium to large scale farmers.</p> <p>As to the knowledge capacity and skills of the operators in collaboration with the ministry of trade and agriculture and some NGO, there are on-going programs. These would be accelerated during the export strategy implementation to try and train more and more farmers. Particularly the smallholders in the use of agrochemicals. We need to deploy more irrigation facilities and infrastructure to be able to cultivate during the dry season, which is the off-season in the major market so we can supply those markets.</p>

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FAGE	Assistant Manager	the federation has a common goal in terms of advocacy; to be able to advocate case by case specific to various interest groups on behalf of the group. And certain things that concern the group activity and their interest would be taken care of. Therefore the environment if certain policies will not lure into their benefit the federation goes in there to bring the attention of the government to see to it.	It is not the best. The orders do come alright; the world is looking for Ghana product. We have advantages like flying distances but the production we are not able to meet them. It's huge and here the small scale you ask what is their maximum capacity if it is pepper, what is the size of their land that will be able to send two pallets of boxes by air. If it's about fruits, we have problems here too.	The federation has a common goal in terms of advocacy; to be able to advocate case by case specific to various interest groups on behalf of the group. And certain things that concern the group activity and their interest would be taken care of. Therefore the environment if certain policies will not lure into their benefit the federation goes in there to bring the attention of the government to see to it.	The government does not have money to support them to a point and they must have support in other for them to be competitive. If they are going to use a loan, ask about the interest rate. It is cruelty what the banks level with us. They lend the money in 12 months and factor the interest rate, not compound interest; they do it such a way that may be six months and you pay the interest and the fraction of the capital. Also, their competitiveness the background informs us that as singular as there are it would be difficult that is why they need an association. In terms of financial and logistics, it is best same interest would come together so would be able to leverage unity to compete	Even though Generally from where we are coming from as a country, that should have been the strength of the country. So we can depend on it and make an impact on the economy, but the government does not have money to support them to a point and they must have support in other for them to be competitive.

Basic Themes

	External Partners / Agencies	Government Proposed Policies	Association of SME Exporters	Main Horticultural Produce
MOFA	The African Development Bank supported export marketing with 28million dollars dedicated solely to the horticultural industry. They support the northern rural growth project, which has a big component of horticulture. But not entirely dedicated to horticulture; they are indirectly assisting road project they have supported throughout the country. Accra-Afla road where most of the roads in the Eastern, Central Volta and Greater Accra were supported by African Development Bank. Training of exporters, agricultural technical support, also facilitated by African Development Bank ADB has been very supportive the company has not taken advantage of the window. UNIDO provides training on technical and ISO standards so that their test would be accredited internationally. GEPA trains SMEs on fairs and exhibitions and World Bank. (2) we have partners who work with us and who are also on the field. Because of our mandate the role we play on the field is to coordinate, all players in the field that assist farmers and operators to improve their productivity and enhance their income. (3) we work through or with other implementing agencies within the ministries of food and agriculture; local government, and external agencies. Such as Feeder roads, Ghana Standards Authority, Ghana Export Promotion Authority, Federation of Associations of Ghanaian Exporters, Horticultural Trade Associations, contractors' consultants. I coordinate the activities of both the specialist and implementing agencies as well as our suppliers and contractors.	The seven pillars of the policy, some of them are very relevant. We are talking about food security, nutritional, security as well as quality. Reliability of horticulture produce, consumption of agricultural process will go a long way to provide help get nutritional quality of the food intake and health benefit and food security and income generation in horticultural produce and income generation of farmers and the application of science and technology. And therefore, must make use of the science as well as the high calibre of human ability.		these include banana, pineapples, mangoes, papayas, oranges, Asian vegetable that includes chillies, okra, garden eggs and the various coconuts
EximGuaranty			They have to spearhead looking for markets here and there, but they don't enough. If we want to drive exports, then there should be an incentive from the government towards that sector. If we have to talk about horticultural produce, then we need storage facilities.	
EDIF			Market research-If they are involved in this market research that can tell them the loopholes. With regards to export being able to meet quality and export requirements. Then they can use it to come out with a program to enhance export competitiveness. And tells us that these are the hole we want to fill instead of trying to do promotions, and they come back and cannot meet the packaging requirement.	